Resilience in Action

SATS LTD. Annual Report 2019-20

Contents

Online Version

For more information, please visit **sats.com.sg/AGM2020**

All values in the tables, graphs and charts are expressed in Singapore currency unless otherwise stated. Any discrepancies in the tables, graphs and charts included in this report between the listed amounts and total thereof are due to mathematical rounding. Where applicable, measurements in square metres ("sq m") are converted to square feet ("sq ft") and vice versa based on the conversion rate of 1 sq m = 10.7639 sq ft.

A theme defined by the ability to rebound, 'Resilience in Action' is explored through our people's resolute fortitude in the face of the COVID-19 pandemic. They have demonstrated resilience through their spirit of self-determination and volunteerism, and ability to adapt with agility, even as SATS strategically diversifies our business to pursue growth.

Committed to serving our customers' needs and developing our people, we have moved our business into new segments and expanded geographically. Despite these unprecedented times, SATS is poised to keep our business moving forward and seize emerging opportunities when international travel recovers.

"It is hard to imagine a more testing scenario for SATS than the COVID-19 pandemic. Yet, we have turned it into an opportunity to accelerate our digital transformation and growth strategy, emerging stronger and more resilient."

Alex Hungate
President and Chief Executive Officer, SATS

Key Business Metrics

For more detailed information, please refer to page 26

Total revenue
FY2018-19
S$ 1,828.0M

S$ 1,941.2M

Share of results of associates/joint ventures, net of tax
FY2018-19
S$ 58.9M

S$ 11.8M

Profit attributable to owners of the Company
FY2018-19
S$ 248.4M

S$ 168.4M

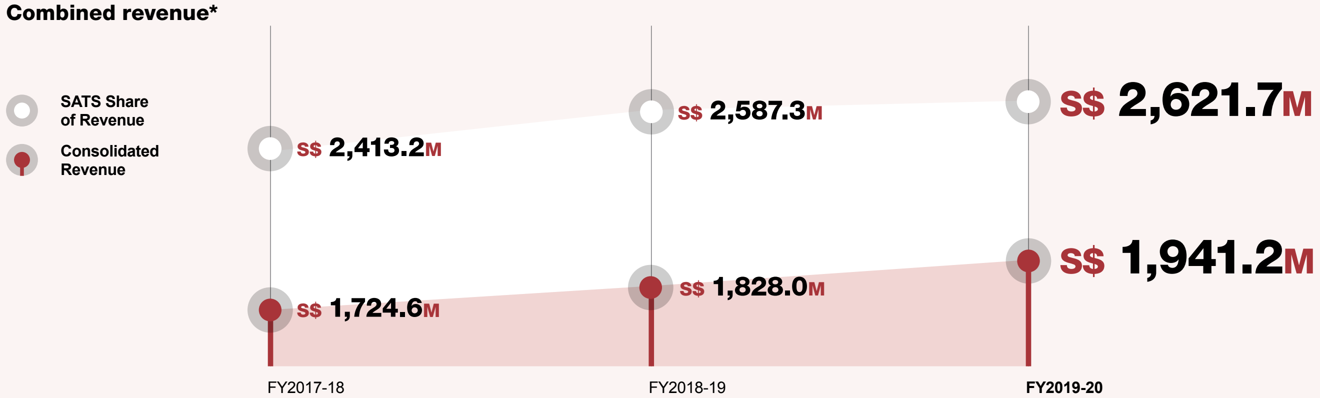
We measure our success by tracking key performance indicators that reflect our operational and financial performance.

Return on equity

10.3%

FY2018-19 15.1%	FY2016-17 16.7%
FY2017-18 16.2%	FY2015-16 15.0%

Combined revenue*



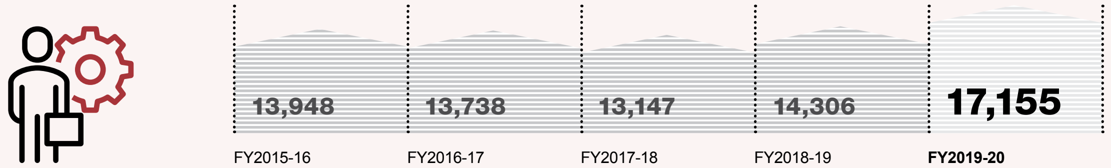
* Combined revenue or SATS share of revenue is the aggregate of the consolidated revenue and proportionate share of revenue from SATS associates/joint ventures (Non-SFRS(I))

Operating statistics*

Cargo/Mail Processed	Passengers Handled	Gross Meals Produced	Flights Handled	Ship Calls Handled
1.79M (million tonnes)	84.6M	82.5M	351.4K	258

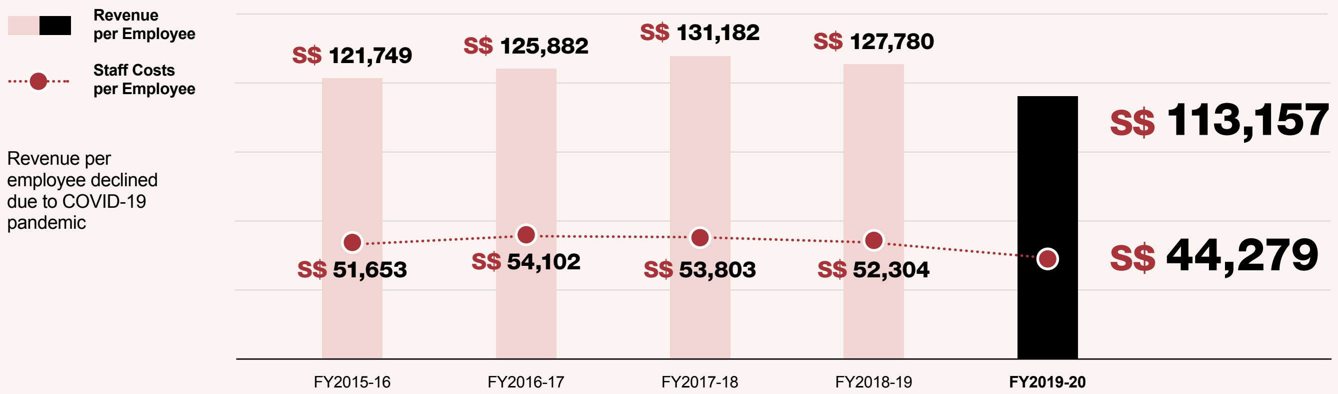
* Operating statistics cover SATS and its subsidiaries, but does not include associates and joint ventures.

Average number of employees



Consolidation of new entities contributed to the increase in average number of employees

Staff costs & revenue per employee



Revenue per employee declined due to COVID-19 pandemic

Earnings per share (Basic)

15.1¢

22.3¢	FY2018-19
23.4¢	FY2017-18
23.2¢	FY2016-17
19.9¢	FY2015-16

Dividend per share

6¢

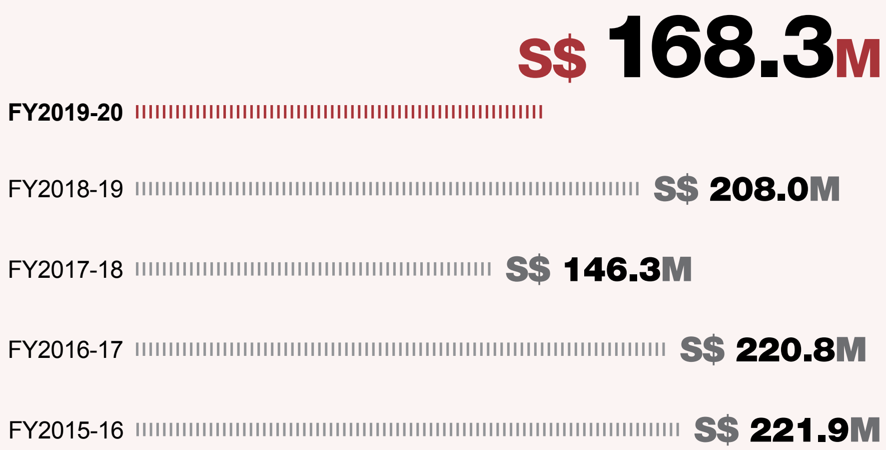
19¢	FY2018-19
18¢	FY2017-18
17¢	FY2016-17
15¢	FY2015-16

Net asset value per share

144.7¢

148.0¢	FY2018-19
146.4¢	FY2017-18
143.9¢	FY2016-17
134.4¢	FY2015-16

Free cash flow



Debt-equity ratio

0.39 times

Increase in debt to strengthen the Group's liquidity position

FY2018-19	0.06
FY2017-18	0.07
FY2016-17	0.07
FY2015-16	0.07

We sustain each other as one team to feed communities and innovate sustainable nutrition for all.

Develops Market for Sustainable Food Products in Asia

SATS harnessed its culinary expertise and tapped on Country Foods' sourcing and distribution network to become a one-stop go-to-market platform in Asia for the marketing and distribution of alternative proteins.

Extends Presence Across China's Domestic Airports

Through our new subsidiary, Nanjing Weizhou Airline Food Corp. Ltd, SATS gained frozen food production capabilities and access to 85 domestic airports across mainland China.

Acquires Aviation Food Innovator

Our wholly-owned subsidiary, Monty's Bakehouse, enables SATS to enhance food solutions for aviation customers, accelerate growth into new customer segments, and develop sustainable food packaging solutions.

We enhance digital connectivity to boost operational efficiency and create value for our customers.

Builds Second Cargo Terminal in Saudi Arabia

SATS wins a 25-year cargo terminal concession in Riyadh's King Khalid International Airport, extending our network of quality cargo corridors.

Launches New Air Cargo Hub in Malaysia

SATS subsidiary, GTR, launched a new 93,000-square-foot air cargo hub with a cargo handling capacity of up to 300,000 tonnes annually in KLIA Air Cargo Terminal 1.

Establishes Sea-Air Connectivity with PSA

SATS signed an MOU with PSA to provide cargo owners and logistics service providers with seamless connectivity for greater supply chain efficiency, and boost Singapore's status as a key multimodal transport hub.

Our people are the heart of the company and pillar of our success.

Together, we are SATS.

Deepening Knowledge in the Air Transport Sector

SATS Academy extended over 50 training programmes to more than 10,000 workers as SkillsFuture Singapore's training partner for the Enhanced Training Support Package for the Air Transport Sector.

Learning and Adapting with Agility

We accelerated our digital transformation by multi-skilling and upskilling our people, and redeploying them to support ongoing digital initiatives across the company.

People are the Heartware of SATS

Imbued with a passion to delight, 700 of our people volunteered to go into the red zone to help protect public health and safety.

Chairman and PCEO's Statement

Dear Shareholders,

The COVID-19 pandemic poses a huge challenge to our society, our interconnected economy and to SATS. While we are confident that the company will endure, this crisis has disrupted our growth, requiring us to reshape our organisation and accelerate our transformation strategy.

We had early warning of the catastrophic effect of the crisis through our operations in China. At the height of the crisis, many cities were under lockdown to stem the spread of the virus. We stocked up on masks and personal protective equipment for our staff and made changes to our work processes to ensure the safety and well-being of our people and the community, and to safeguard business continuity for our customers. Overall, we implemented the largest redeployment of human resources in the history of SATS, impacting over 10,000 employees across the Group. We are grateful for the flexibility and adaptability of our people that have enabled us to react swiftly to the rapidly evolving situation.

Growth Disrupted

Before the crisis, SATS was generating strong increase in operating volume. For the year under review, we handled 157 million passengers and 810,000 flights, an increase of 24.3% and 18.7% respectively. IATA statistics, in comparison, show a 4.2%[1] increase in global passenger traffic measured by Revenue Passenger Kilometres for the full year in 2019. As early as end January, we saw passenger and meal volumes fall in China and this rapidly extended to the rest of Asia in February and March, resulting in an 8.1% year-on-year decline in revenue. For the Financial Year ended 31 March 2020, Group revenue increased 6.2% to S$1.94 billion due mainly to the consolidation of some of our businesses such as Country Foods Pte. Ltd. (Country Foods), Nanjing Weizhou Airline Food Corp., Ltd and the GTR entities. Affected by COVID-19, PATMI declined 32.2% to S$168 million. EBITDA decreased by 7.3% to S$356 million. Return on equity dropped to 10.3% from 15.1% in the previous year.

Dividend

In light of the significant uncertainties about the trajectory of the pandemic and its impact on the economy and travel, the Board of Directors agreed that it would be prudent not to pay a final dividend for Financial Year 2019-20, to allow the company to preserve more jobs and capabilities to support our customers as aviation volumes resume, and to pursue opportunities outside of aviation. The full-year total dividend is therefore 6 cents per share.

Investments Validated

Despite its impact on our financials, the pandemic validated our investments in new technologies and digitalisation. In March 2019, we launched an automated rice line that can cook 600 kg of rice per hour in our central kitchen in Singapore. We deployed this technology to produce large quantities of meals for the workers residing in dormitories during the "Circuit Breaker" lockdown in the country. Our investments in new capabilities have also enabled us to advance our tiered-kitchen strategy in Greater China. Building on our Nanjing Weizhou Airline Food Corp., Ltd acquisition, we tapped on our central kitchen in Nanjing to gain access to 85 airports across China, minimising the capital investment required to build kitchens at airports while optimising the economics of large-batch production in the central kitchen.

Further strengthening our capabilities in food solutions, SATS completed our purchase of Monty's Bakehouse in February 2020. Monty's Bakehouse is a pioneer in sustainable cabin packaging and recycling as a member of the Airline Sustainability Forum and representative on the Advisory Committee for the Global Tourism Plastics Initiative led by the UN Environment Programme and UNWTO in collaboration with the Ellen MacArthur Foundation. As airlines and other customers seek to reinvent a low-touch future post pandemic, the packaging design capability of Monty's Bakehouse will enhance our food solutions for aviation customers and support our expansion into new engines of growth.

During the year, SATS also bought the remaining 49% shareholding in our joint venture company SATS BRF Food Pte. Ltd. and renamed the entity Country Foods Pte. Ltd. In this way, SATS is growing its business in the food solutions eco-system, particularly in food distribution and logistics, bringing new trends such as plant-based proteins into the Asian market. We tapped the sourcing and distribution capabilities of Country Foods to stock the supermarket shelves in Singapore with essential food supplies during the lockdown. Significantly, our non-aviation food solutions revenue has grown 39% year-on-year due to new acquisitions and organic growth. These unique capabilities will enable our expansion into new channels of food distribution, such as partnerships with home delivery platforms.

[1] https://www.iata.org/en/iata-repository/publications/economic-reports/Infographic_Economics_Air_Passenger_Demand_2019/

“We are committed to developing innovative solutions that will help our people and the community to live better and more sustainably. The crisis has confirmed the validity of our investments in new businesses and digitalisation so that we can respond swiftly to changes and add new wings to our business steadily.”

Euleen Goh
Chairman

Chairman and PCEO's Statement

"The COVID-19 pandemic poses a huge challenge to our society, our interconnected economy, and to SATS. While we are confident that the company will endure, this crisis has disrupted our growth, requiring us to reshape our organisation and accelerate our transformation strategy."

Alex Hungate
President and
Chief Executive Officer

The SATS Academy has trained more than 20,000 in Singapore's air transport sector, helping our people and partners to develop new skills and capabilities to stay relevant.

Although our cargo business dipped due to both the US-China trade war and the pandemic, it proved essential in keeping supply chains moving throughout the crisis. The cargo terminal operations throughout the region are therefore relatively resilient. We are pleased to have won a 25-year concession to operate a cargo terminal in Saudi Arabia at Riyadh's King Khalid International Airport. Winning this concession strengthens our footprint in the Kingdom of Saudi Arabia, the largest economy in the Gulf Corporation Council group of countries. It will take us two years to build the 600,000 tonnes per year facility, but we have already started operations there through a cooperation arrangement with NAQEL – the e-Commerce subsidiary of Saudi Post – to serve Air France-KLM, our first customer in Riyadh. Closer to home in Malaysia, we have also launched a new digitalised air cargo terminal at Kuala Lumpur International Airport Air Cargo Terminal 1. This facility will have the capacity to handle 300,000 tonnes of air cargo annually and has a 10,000-square-foot purpose-built cold-chain facility for the specialised handling of perishable and pharmaceutical products. Modern security cargo scanners offer both horizontal and vertical views of cargo to enhance detection.

Accelerate Digital Transformation

The events in the last seven months have attested to the importance of our purpose to feed and connect Asia. We were inspired and humbled to see our colleagues in baggage services carrying heavy loads of essential supplies and strapping them down to seats of passenger planes when the halt in travel caused cargo space in bellyholds to diminish; our kitchens in India cooking over two million meals during the crisis to feed essential workers; the 700 employees who volunteered to go into the red zone to help protect community health and safety; SATS Academy helping over 20,000 workers in the transport industry to get essential skills training during the lull in flights. We encourage you to read our Sustainability Report to find out more about our response to the pandemic. We are committed to developing innovative solutions that will help our people and the community to live better and more sustainably.

The crisis has confirmed the validity of our investments in new businesses and digitalisation so that we can respond swiftly to changes and add new wings to our business steadily. Looking ahead, we need to accelerate projects such as our digital integrated supply chain that will enable end-to-end traceability for food products, sustainable low-touch food packaging, AI-powered robotic air cargo systems and the use of smart sensors, video analytics and big data in our operations. We are committed to helping our customers develop the solutions they will need to succeed in the new normal.

Acknowledgements

We want to thank our shareholders, customers, business partners and government agencies for their continued support and our board members for guiding the company through a very challenging year. We are very proud of our employees and are grateful for the hard work and sacrifices they have made. Through their efforts in supporting the community and ensuring business continuity, they have truly demonstrated resilience in action.

Euleen Goh
Chairman

Alex Hungate
President & CEO

28 July 2020

Geographical Presence

1. Singapore
Singapore

2. Maldives
Male

3. Greater China
Beijing
Taipei
Tianjin
Ganzhou
Huizhou
Macau SAR
Nanjing
Shanghai
Shenyang
Hong Kong SAR
Kaohsiung
Taichung

4. Vietnam
Ho Chi Minh City

5. India
Bangalore
Mumbai
New Delhi
Chennai
Goa
Kolkata
Hyderabad
Mangalore
Trivandrum

6. Philippines
Manila

7. Indonesia
Balikpapan
Denpasar
Jakarta
Angsana
Asam-Asam
Bogor
Bontang
Karawang
Satui
Batam
Majalengka
Makassar
Manado
Medan
Surabaya
Timika
Yogyakarta

8. Japan
Tokyo

9. Australia
Brisbane
Rockhampton

10. Malaysia
Kuala Lumpur
Penang
Alor Setar
Ipoh
Johor Bahru
Kota Bharu
Kota Kinabalu
Kuala Terengganu
Kuantan
Kuching
Labuan
Malacca
Miri

11. Oman
Muscat

12. Saudi Arabia
Dammam
Riyadh

13. United Kingdom
Surrey

Food Solutions

Gateway Services

Food Solutions + Gateway Services

We stand united with our partners and stakeholders across geographies in a continuous push to optimise solutions and services globally.

over **60** Locations

in **13** Countries across Asia Pacific, the UK and Middle East

In FY2019-20, we continued to deepen our capabilities and build new ventures in ASEAN, Greater China and India. We also expanded our presence in Mainland China, the UK and Middle East through new joint ventures, acquiring aviation food innovator Monty's Bakehouse, and establishing a cargo terminal in Riyadh.

in FY2019-20

Passengers Handled (million)
157M

Flights Handled ('000)
810K

Meals Served (million)
166M

Cargo Tonnage Handled ('000 tonnes)
5.2M

Based on FY2019-20 operating statistics for the Group, including international joint ventures and associates.

Board of Directors

1. **Euleen Goh**
2. **Alex Hungate**
3. **Chia Kim Huat**
4. **Yap Kim Wah**
5. **Jenny Lee**

6. **Michael Kok**
7. **Jessica Tan**
8. **Yap Chee Meng**
9. **Tan Soo Nan**
10. **Achal Agarwal**

Board of Directors

As at 28 July 2020

Euleen Goh Yiu Kiang Age: 65

Chairman
Non-Executive and Independent Director

Date of first appointment as a Director
1 August 2013
Date of appointment as Chairman
19 July 2016
Date of last re-election as a Director
18 July 2019
Length of service as a Director
6 years 11 months

Board committee(s) served on

- Chairman, Board Executive Committee
- Chairman, Remuneration and Human Resource Committee
- Chairman, Nominating Committee

Present directorships in other listed companies

- Non-Executive and Non-Independent Director, DBS Group Holdings Ltd.
- Non-Executive Director, Deputy Chair and Senior Independent Director, Royal Dutch Shell plc

Present principal commitments

- Chairman, DBS Foundation Ltd.
- Non-Executive and Non-Independent Director, DBS Bank Ltd.
- Non-Executive Director, Singapore Health Services Pte. Ltd.
- Trustee, Singapore Institute of International Affairs Endowment Fund
- Chairman, Governing Council of Singapore Institute of Management
- Chairman, Singapore Institute of Management Group Limited

Past directorships in other listed companies held over the preceding three years

- Non-Executive Director, CapitaLand Limited

Achievements

- Her World Woman of the Year 2005
- Public Service Medal at the Singapore National Day awards 2005
- Public Service Star at the Singapore National Day awards 2012

Academic and professional qualification(s)

- Associate, Institute of Chartered Accountants in England & Wales
- Member, The Chartered Institute of Taxation, UK
- Associate member, Institute of Financial Services, UK
- Fellow, Institute of Singapore Chartered Accountants
- Fellow, Singapore Institute of Directors

Alexander Charles Hungate Age: 54

Executive Director,
President and Chief Executive Officer

Date of first appointment as a Director
27 July 2011
Date of appointment as President and Chief Executive Officer
1 January 2014
Date of last re-election as a Director
19 July 2018
Length of service as a Director
9 years 0 month

Board committee(s) served on

- Member, Board Executive Committee

Present directorships in other listed companies

- Non-Executive and Independent Director, United Overseas Bank Limited

Present principal commitments

- Member, Singapore Economic Development Board
- Member, Future Economy Council
- Co-Chairman, Trade & Connectivity, Sub-Committee of The Future Economy Council
- Member, National Youth Achievement Award Association Advisory Board
- Chairman, Asia Airfreight Terminal Company Limited
- Chairman, TFK Corporation
- Chairman, SATS China Co., Ltd.
- Director, Mumbai Cargo Service Center Airport Private Limited
- Director, SATS (India) Co. Private Limited
- Director, SATS Investments Pte. Ltd.
- Director, SATS Investments (II) Pte. Ltd.
- Director, SATS Food Turkey Gıda Hizmetleri Anonim Şirketi
- Director, SATS Investments Turkey Havacılık Yatırımları Anonim Şirketi

Past directorships in other listed companies held over the preceding three years

Nil

Academic and professional qualification(s)

- Master of Arts in Engineering, Economics and Management, Oxford University, UK
- Master of Business Administration (Baker Scholar), Harvard Business School, USA

Achal Agarwal Age:61

Non-Executive and Independent Director

Date of first appointment as a Director
1 September 2016

Date of last re-election as a Director
21 July 2017

Length of service as a Director
3 years 10 months

Board committee(s) served on

- Member, Board Executive Committee
- Member, Remuneration and Human Resource Committee

Present directorships in other listed companies

Nil

Present principal commitments

- Chief Strategy & Transformation Officer, Kimberly-Clark Corporation
- Director, Kimberly-Clark Asia Pacific Headquarters Pte. Ltd.
- Director, World-wide Fund Singapore (WWFS)
- Director, Singapore International Chamber of Commerce (SICC)

Past directorships in other listed companies held over the preceding three years

Nil

Achievements

- CNBC Asia Business Leader of the Year 2016

Academic and professional qualification(s)

- BA (Hons), History, University of Delhi
- MBA, University of Delhi
- AMP, Wharton Business School

Chia Kim Huat Age:54

Non-Executive and Independent Director

Date of first appointment as a Director
15 March 2017

Date of last re-election as a Director
21 July 2017

Length of service as a Director
3 years 4 months

Board committee(s) served on

- Member, Board Risk and Safety Committee
- Member, Nominating Committee

Present directorships in other listed companies

- Non-Executive and Independent Director, Ascott Residence Trust Management Limited and Ascott Business Trust Management Pte. Ltd. (The Managers of Ascott Residence Trust)

Present principal commitments

- Partner, Rajah & Tann Singapore LLP

Past directorships in other listed companies held over the preceding three years

- Non-Executive and Independent Director, Ascendas Hospitality Fund Management Pte. Ltd. and Ascendas Hospitality Trust Management Pte. Ltd. (The Managers of Ascendas Hospitality Trust)
- Independent Director, PEC Ltd.

Achievements

- “Eminent Practitioner” by Chambers Global and Chambers Asia Pacific
- “Market-Leading Lawyer” in Asialaw for Capital Markets and Corporate / M&A
- Best Lawyers for Capital Markets, Corporate and Mergers & Acquisition
- Who’s Who Legal: Corporate Governance / M&A
- Who’s Who Legal: Capital Markets (Debt & Equity)

Academic and professional qualification(s)

- LLB (Hons), National University of Singapore
- Advocate & Solicitor, Supreme Court of Singapore

Michael Kok Pak Kuan Age:69

Non-Executive and Independent Director

Date of first appointment as a Director
6 March 2015

Date of last re-election as a Director
18 July 2019

Length of service as a Director
5 years 4 months

Board committee(s) served on

- Member, Board Executive Committee
- Member, Remuneration and Human Resource Committee

Present directorships in other listed companies

- Non-Executive and Independent Director, Jardine Cycle and Carriage Limited
- Non-Executive and Independent Director, Mapletree North Asia Commercial Trust Management Ltd. (formerly known as Mapletree Great China Commercial Trust Management Limited) (The Manager of Mapletree North Asia Commercial Trust)

Present principal commitments

Nil

Past directorships in other listed companies held over the preceding three years

- Non-Executive Director, Dairy Farm International Holdings Limited

Achievements

- Outstanding Chief Executive Officer (Overseas) 2008 by the Singapore Business Awards
- Lifetime Achievement Award from the World Retail Congress, and inducted into World Retail Hall of Fame in 2013

Academic and professional qualification(s)

- Senior Executive Programme, London Business School, UK
- Advanced Management Program, Harvard Business School, USA

Board of Directors

As at 28 July 2020

Jenny Lee Hong Wei Age:48

Non-Executive and Independent Director

Date of first appointment as a Director
25 January 2019
Date of last re-election as a Director
18 July 2019
Length of service as a Director
1 year 6 months

Board committee(s) served on

Nil

Present directorships in other listed companies

- Director, LAIX Inc. (NYSE)
- Director, NIU Technologies (NASDAQ)
- Director, EHang Holdings Limited (NASDAQ)
- Director, Agora, Inc (NASDAQ)

Present principal commitments

- Director, Cashshield Pte. Ltd.
- Director, GGV Capital Pte. Ltd.
- Director, Wuhan Kubote Technology Co., Ltd.
- Director, Shanghai Luodingsen Automated Equipment Co., Ltd.
- Director, Shenzhen Chengzi Automation Co., Ltd.
- Director, LongWin Investment Management Co. Ltd.
- Director, Yodo1 Holding Ltd
- Director, Petkit Technology Inc.
- Director, Xiaozhan Limited
- Director, Zuoyebang Education Limited
- Director, Clobotics Holdings Limited
- Director, Xiaobu Holdings Inc
- Director, Beijing Xiangyue Education Technology Co,. Ltd.
- Director, JH Limited
- Director, FLT Holding Limited
- Director, GGV (CS) LLC
- Director, GGV (Immotor) Limited
- Director, GGV (Koala) Limited
- Director, GGV (WPS) Limited
- Director, GGV (Xcharge) Limited
- Director, GGV (Xiaole) Limited
- Director, GGV Capital LLC
- Director, GGV China Limited
- Director, Granite Global Ventures II LLC
- Director, Granite Global Ventures III LLC
- Director, GGV Capital IV LLC
- Director, GGV Capital V LLC
- Director, GGV Capital VI LLC
- Director, GGV Capital VI Plus LLC
- Director, GGV Discovery I LLC
- Director, GGV Capital Select LLC
- Director, Jiwei Enterprise Management Consulting (Shanghai) Co., Ltd.
- Director, GGV Capital (Shanghai) Co., Ltd.

Past directorships in other listed companies held over the preceding three years

- Director, YY Inc. (NASDAQ)
- Director, 21 Vianet Group Inc. (NASDAQ)

Achievements

- Recognised by the Forbes Global 100 VC Midas Annually (Ranking #1 Woman and #10 Overall in 2015)
- Named to the Vanity Fair New Establishment list, Fast Company Most Creative People in Business List
- Recognised by The New York Times and CB Insights Among the Top 100 Venture Capital Investors Worldwide (Ranking #17)

Academic and professional qualification(s)

- Master and Bachelor of Science in Electrical Engineering, Cornell University
- Master of Business Administration from Kellogg School of Management, Northwestern University

Jessica Tan Soon Neo Age:54

Non-Executive and Independent Director

Date of first appointment as a Director
17 April 2017
Date of last re-election as a Director
21 July 2017
Length of service as a Director
3 years 3 months

Board committee(s) served on

- Member, Audit Committee
- Member, Nominating Committee

Present directorships in other listed companies

- Non-Executive and Independent Director, CapitaLand Commercial Trust Management Limited (The Manager of CapitaLand Commercial Trust)

Present principal commitments

- Member of Parliament, East Coast GRC, Singapore
- Chairman, East Coast-Fengshan Town Council
- Chairman, Public Accounts Committee (PAC)
- President, Netball Singapore
- Chairman, Information Technology Advisory Committee of Nanyang Polytechnic
- Board Member and Deputy Chairman, Nanyang Polytechnic Board of Governors
- Group Commercial Director, Raffles Medical Group Ltd
- Non-Executive Director, Changi Health Fund (Ltd.)
- Director, RM Network Pte. Ltd.
- Member, Home Affairs, Law and Manpower Government Parliamentary Committees
- Member, Board of Advisory, The School of Information Systems, Singapore Management University

Past directorships in other listed companies held over the preceding three years

Nil

Achievements

- 2015 Singapore Computer Society IT Leader Award
- Received Two Times Gold Star Awards, Microsoft
- Achieved Eight Hundred Percent Clubs, IBM
- 1992 Golden Circle Award, IBM

Academic and professional qualification(s)

- Bachelor of Social Sciences (Honours), National University of Singapore
- Bachelor of Arts (Economics and Sociology), National University of Singapore

Tan Soo Nan Age:72
Non-Executive and Independent Director

Date of first appointment as a Director
25 April 2016
Date of last re-election as a Director
19 July 2018
Length of service as a Director
4 years 3 months

Board committee(s) served on
- Chairman, Board Risk and Safety Committee
- Member, Audit Committee

Present directorships in other listed companies
- Executive and Non-Independent Director, Raffles Medical Group Ltd.
- Non-Executive and Independent Director, Engro Corporation Limited

Present principal commitments
- Executive and Non-Independent Director, Raffles Health Insurance Pte. Ltd.
- Director, ICE Futures Singapore Pte. Ltd.
- Director, ICE Clear Singapore Pte. Ltd.
- Director, ICE Singapore Holdings Pte. Ltd.
- Director, Temasek Foundation Ltd. (formerly known as Temasek Foundation Management Services CLG Limited)
- Director, Woh Hup Trust

Past directorships in other listed companies held over the preceding three years
Nil

Achievements
- Lottery Industry Hall of Fame 2014

Academic and professional qualification(s)
- Bachelor of Business Administration, University of Singapore
- Associate, IFS School of Finance (formerly the Chartered Institute of Bankers)
- Program for Management Development, Harvard Business School

Yap Chee Meng Age:65
Non-Executive and Independent Director

Date of first appointment as a Director
1 October 2013
Date of last re-election as a Director
18 July 2019
Length of service as a Director
6 years 9 months

Board committee(s) served on
- Chairman, Audit Committee
- Member, Board Risk and Safety Committee

Present directorships in other listed companies
- Lead Independent and Non-Executive Director, ARA Trust Management (Suntec) Limited (The Manager of Suntec REIT)

Present principal commitments
- Chairman, Non-Executive and Independent Director, AXA Insurance Pte. Ltd.
- Chairman, Non-Executive and Independent Director, RHB Asset Management Group*
- Non-Executive and Independent Director, The Esplanade Co Ltd
- Non-Executive and Independent Director, Keppel Land Limited
- Non-Executive and Independent Director, Pavilion Energy Singapore Pte. Ltd. (Formerly known as Pavilion Gas Pte. Ltd.)
- Non-Executive and Independent Director, Pavilion Energy Trading & Supply Pte. Ltd.
- Non-Executive and Independent Director, RHB Investment Bank Berhad
- Non-Executive and Independent Director, RHB Securities Singapore Pte. Ltd.

Past directorships in other listed companies held over the preceding three years
Nil

Academic and professional qualification(s)
- Fellow, Institute of Chartered Accountants in England & Wales
- Fellow, Institute of Singapore Chartered Accountants

* RHB Asset Management Group comprises the following companies: -
a. RHB Asset Management Sdn Bhd (Chairman, Non-Executive and Independent Director)
b. RHB Islamic International Asset Management Berhad (Chairman, Non-Executive and Independent Director)
c. RHB Asset Management Limited (Chairman, Non-Executive and Independent Director)
d. RHB Asset Management Pte Ltd (Chairman, Non-Executive and Independent Director)
e. RHB International Investments Pte Ltd (Chairman, Non-Executive and Independent Director)
f. PT RHB Asset Management Indonesia (President / Independent Commissioner)

Yap Kim Wah Age:72
Non-Executive and Independent Director

Date of first appointment as a Director
20 July 2016
Date of last re-election as a Director
21 July 2017
Length of service as a Director
4 years 0 month

Board committee(s) served on
- Member, Audit Committee
- Member, Board Risk and Safety Committee

Present directorships in other listed companies
Nil

Present principal commitments
- Non-Executive and Independent Director, SMRT Corporation Ltd.
- Non-Executive and Independent Director, SMRT Trains Ltd.
- Vice Chairman and Director, RTS Operations Pte. Ltd.

Past directorships in other listed companies held over the preceding three years
Nil

Academic and professional qualification(s)
- Bachelor of Engineering (First Class Honours), University of Singapore
- Registered Engineer (Mechanical), Professional Engineers Board, Singapore
- Fellow Member, The Institution of Engineers, Singapore
- Executive Development Program, Houston University
- Advanced Management Program, Harvard Business School

Operations Review
Food Solutions

Culinary innovation and the adoption of new food technology is a sustainable advantage for SATS.

Revenue

S$1,070.5M

+8.3% from FY2018-19

Backed by decades of culinary expertise and innovation, SATS brings authentic flavours to customers while upholding stringent food safety standards in aviation catering and central kitchens for food service chains and institutions across Asia.

SATS called upon all of the new capabilities in food technologies, large-scale central kitchens, and digital supply chain that it has been building over the last few years to respond with speed and agility to the COVID-19 pandemic. From catering for essential workers in healthcare and logistics, feeding migrant workers, to ambient meals for consumers in supermarkets, SATS harnessed its culinary know-how to rapidly redirect capacity to serve new customers at high volume across its network. In India, Taj SATS partnered the Taj Public Service Welfare Trust to deliver thousands of meals daily to frontline staff working at government hospitals in Delhi and Mumbai, and over two million meals to healthcare professionals and migrant workers in Mumbai during the COVID-19 crisis.

As the aviation sector begins a cautious recovery, new subsidiary Monty's Bakehouse is pioneering sustainable, low-touch packaging solutions to allow flight crew to serve inflight meals from SATS with minimal contact with passengers. Subsidiary Nanjing Weizhou Airline Food Corp., Ltd is disrupting the Chinese aviation catering market by adopting an asset-light supply chain model to provide a wide selection of frozen food to airports across mainland China's second and third tier cities like Ganzhou and Huizhou. SATS will continue to pursue growth in new food segments by building on its culinary capabilities, food technology, and integrated supply chain.

SATS Food Solutions revenue improved 8.3% to S$1,070.5 million, driven by further expansion in the non-aviation food segment in China and Singapore. The volume of meals served, including SATS subsidiaries, joint ventures and associates, decreased 1.3% to 165 million.

New Ventures and Innovations

Culinary innovation and the adoption of new food technology is a sustainable advantage for SATS. Through the SATS Open Innovation Platform, it is developing partnerships with SMEs, start-ups, institutes of higher learning such as the Singapore Institute of Technology, and research partners like the Agency for Science, Technology and Research (A*STAR) to bring new products and services to market. SATS established a ventures team in collaboration with the Singapore Economic Development Board (EDB) to build alternative business models and foster intrapreneurship.

SATS also signed a Memorandum of Understanding (MOU) with DHL Supply Chain to create turnkey solutions that enable airlines to optimise their supply chain for catering, merchandise and supplies across flight networks.

An innovation centre will be set up in Singapore with Monty's Bakehouse to create the next generation of innovative food products for Asian customers in aviation catering, buy-on-board retail, and adjacent segments.

Following the successful implementation of the world's first digital twin of a central kitchen with Dassault Systèmes to boost in-flight kitchen operations, SATS has developed more than 10 use cases to simulate various operational processes that will support future plans.

Gaining Traction in New Food Segments

Wholly-owned subsidiaries Country Foods, SATS China and Monty's Bakehouse all contributed to the accelerated expansion into new food segments in markets such as Singapore, Greater China, and the UK.

In September 2019, SATS gained full ownership of former food distribution joint venture, SATS BRF Food Pte. Ltd., and renamed it Country Foods Pte. Ltd. Since then, Country Foods has become a one-stop go-to-market platform in Asia for alternative proteins from food technology start-ups like Impossible Foods and Growthwell: expanding its global network of distribution partners to access new channels, while broadening product offerings for its popular retail brand, Farmpride.

We continue to extend our non-aviation food solutions to institutions such as hospitals, schools, and government agencies.

Over in mainland China, the central kitchen in Kunshan continued its rapid growth, providing customised food solutions for fast-casual restaurants, supermarkets, as well as coffee and bakery chains with market leaders such as Yum China and Alibaba's Hema. The Kunshan central kitchen also caters meals for students in Xuzhou's local schools in partnership with Sino-Healthy Foods.

Beyond Asia, Monty's Bakehouse set up a new sales channel for the hotel and food service industry in order to capitalise on increasing demand for safely packed meals and snacks as a post-COVID norm, including securing a new contract to provide Hilton Hotels with room service meals in the UK.

Awards and Accolades

It was a rewarding year as SATS brought home Singapore's first bronze medal for community catering at the prestigious IKA/Culinary Olympics 2020, and was named 'Airline Caterer of the Year – Asia 2020' for the third consecutive year by Pax International. Taj SATS Delhi also won the prominent 2019 QSAI Worldwide Platinum Award and Gold Award for excellence in catering quality in Asia Pacific.

Monty's Bakehouse received recognition as Onboard Hospitality's 'Future-Scoping Business of the Year' for its commitment to industry-wide collaboration on sustainability through its innovation centre.

Operations Review
Gateway Services

Globalisation and urbanisation connect us together more than ever, bringing great benefits to society but also heightening the risk of the spread of infectious diseases like COVID-19. SATS has demonstrated resilience in overcoming this challenge to protect the operational integrity of the essential services that it provides to the air transport ecosystem, drawing on decades of experience in managing disruptions. SATS has invested in digitalisation and built up skills to develop new capabilities that will create value for its customers and business partners in their hub operations as aviation volumes return.

SATS Gateway Services revenue increased $31 million or 3.7% to S$868.8 million in FY2019-20, on the back of the GTR consolidation and strong ground handling performance before the coronavirus hit. Operating volumes, including SATS subsidiaries, joint ventures and associates, for passengers handled was up 24.3%, flights handled increased 18.7%, cargo tonnage dipped 5%, while ships calls dropped 17.3%.

Enhancing the Travel Experience

As people start to travel more again after COVID-19, their safe journeys require additional care and innovation. SATS is helping to establish new procedures, incorporating health checks and fully digital, touchless passenger journeys. In Jakarta, PTJAS took passenger services up a notch with its new Airport Special Assistance (ASA) mobile application, Indonesia's first digital "personal assistant" service, to assist travellers at Soekarno-Hatta International Airport with their check-ins, baggage collection and transportation needs.

Our new cargo terminal at KKIA will extend SATS' network of quality cargo corridors, while supporting Saudi Arabia's rapidly growing cargo market and logistics infrastructure.

At Beijing's new Daxing International Airport, joint venture Beijing CAH SATS Aviation Services (BCS) provides off-airport check-in services, enabling travellers to check in their bags before commuting to the airport.

Sustainability remains at the heart of everything that SATS does as it strives to create an even better customer experience. In India, Air India SATS (AISATS) developed a towable ramp retrofitted with a canopy and air-conditioning system that runs on solar and battery power, to deplane passengers with reduced mobility at remote aircraft bays in Hyderabad.

Extending Connectivity

During the year, the partnership with China's Capital Airports Holding Company extended SATS connectivity to Daxing International Airport through two joint ventures – BCS and Beijing Daxing International Airport Inflight Catering.

SATS has also won a second cargo terminal concession in Saudi Arabia after Dammam at King Khalid International Airport (KKIA), Riyadh. The new terminal operation extends its network of quality cargo corridors in the Middle East by linking Oman, Dammam and Riyadh.

Within ASEAN, subsidiary GTR launched a 93,000-square-foot air cargo hub with an annual air freight handling capacity of 300,000 tonnes at the KLIA Air Cargo Terminal 1 in Malaysia. SATS signed an MOU with PSA International to allow shippers and logistics providers to benefit from both Singapore's world-class airport and port for seamless, intermodal shipments between sea and air.

Automation and Digitalisation

COVID-19 has presented the opportunity to accelerate the digital transformation of operations to improve service for SATS customers while enhancing productivity and safety across the business. For example, SATS successfully linked Speedcargo's Cargo Eye, a cargo dimensioning system using AI from research platform TUMCREATE, with COSYS+, a proprietary cloud-based cargo terminal handling and management system, to offer better traceability to the air cargo ecosystem.

SATS also launched the Digital Control Tower platform, which integrates operational data with that of various airlines and airport stakeholders to provide real-time visibility of ground operations for proactive flight handling and collaborative decision-making at the SATS Integrated Operations Command.

Over at its India hub, SATS invested in process automation through employee engagement platforms, a universal API gateway to expedite the flow of real-time information within its systems, as well as automated temperature monitoring at its Bengaluru Coolport. In the Middle East, Transom SATS Cargo (formerly known as Oman Air SATS Cargo) introduced a mobile application with track & trace and payment capabilities to facilitate more convenient transactions for its customers. Closer to home, GTR adopted Malaysia's nation-wide initiative, JomPAY, for freight forwarders and cargo agents to make bill payments electronically.

Awards and Certifications

SATS is pleased to be the world's first cargo terminal operator to obtain IATA's new Smart Facility Operational Capacity (SFOC) certification in collaboration with Singapore Airlines, streamlining audit complexity and cargo handling operations for greater efficiency. SATS Coolport also attained the highest standards in Food Safety Management Systems: ISO 22000:2018 and HACCP SS444:2018 for upholding exacting standards for perishable handling. Over in Malaysia, GTR successfully completed and attained IATA's Safety Audit for Ground Operations (ISAGO) certification.

China associate Beijing Aviation Ground Services (BGS) became the first ground handler at Beijing Capital International Airport and second in China to obtain IATA's CEIV Pharma certification. Joint venture AISATS also garnered industry recognition by winning "Air Cargo Handling Agent of the Year – Pharma Shipments" accorded by CargoConnect 2019, and "Best Air Cargo Terminal Operator – Cold Chain" at the 2019 India Cargo Awards.

In the cruise sector, Marina Bay Cruise Centre Singapore was voted "Asia's Best Cruise Port" by Travel Weekly Asia for the second consecutive year.

SATS has demonstrated resilience in overcoming the disruption caused by the pandemic. We have invested in digitalisation initiatives and built capabilities that create value for our customers and business partners in their hub operations.

The SATS Integrated Operations Command is the heart of mission-critical operations at Singapore Changi Airport. We work collaboratively with airlines and airport stakeholders to ensure smooth ground handling operations for passenger and freighter flights.

Revenue

S$868.8M

+3.7% from FY2018-19

Five-year Group Financial and Operational Summary

	FY2019-20	FY2018-19	FY2017-18	FY2016-17	FY2015-16
Income Statement ($ million)					
Total revenue	**1,941.2**	1,828.0	1,724.6	1,729.4	1,698.2
Operating profit	**226.2**	247.0	226.4	230.6	214.7
Share of results of associates/joint ventures, net of tax	**11.8**	58.9	71.2	65.2	48.0
Profit after tax	**175.6**	256.2	265.5	260.8	218.4
Profit attributable to owners of the Company	**168.4**	248.4	261.5	257.9	220.6
Underlying net profit	**180.3**	241.4	236.1	234.3	218.1
Statement of Financial Position ($ million)					
Equity holders' funds	**1,617.5**	1,649.2	1,634.1	1,603.5	1,490.8
Non-controlling interests	**188.0**	167.9	132.5	87.7	74.3
Total Equity	**1,805.5**	1,817.1	1,766.6	1,691.2	1,565.1
Property, plant and equipment	**602.3**	579.2	560.1	538.7	516.8
Investment properties	**1.0**	7.6	8.9	10.4	13.9
Other non-current assets	**1,375.0**	1,111.4	1,044.3	873.8	745.4
Current assets	**1,031.5**	710.2	735.0	856.5	829.6
Total assets	**3,009.8**	2,408.4	2,348.3	2,279.4	2,105.7
Non-current liabilities	**642.1**	202.0	179.1	193.1	70.3
Current liabilities	**562.2**	389.3	402.6	395.1	470.3
Total liabilities	**1,204.3**	591.3	581.7	588.2	540.6
Net Assets	**1,805.5**	1,817.1	1,766.6	1,691.2	1,565.1
Financial Ratios					
Return on equity (%)	**10.3**	15.1	16.2	16.7	15.0
Return on total assets (%)	**6.5**	10.8	11.5	11.9	10.6
Net margin (%)	**9.0**	14.0	15.4	15.1	12.9
Debt-equity ratio (times)	**0.39**	0.06	0.07	0.07	0.07
Economic Value Added (EVA) ($ million)	**72.7**	111.1	101.1	92.4	79.6
Productivity and Employee Data					
Value added ($ million)	**1,113.1**	1,163.3	1,125.6	1,142.0	1,068.9
Value added per employee ($)	**64,885**	81,316	85,620	83,127	76,635
Value added per $ employment cost (times)	**1.47**	1.55	1.59	1.54	1.48
Revenue per employee ($)	**113,157**	127,780	131,182	125,882	121,749
Staff costs per employee ($)	**44,279**	52,304	53,803	54,102	51,653
Average number of employees	**17,155**	14,306	13,147	13,738	13,948

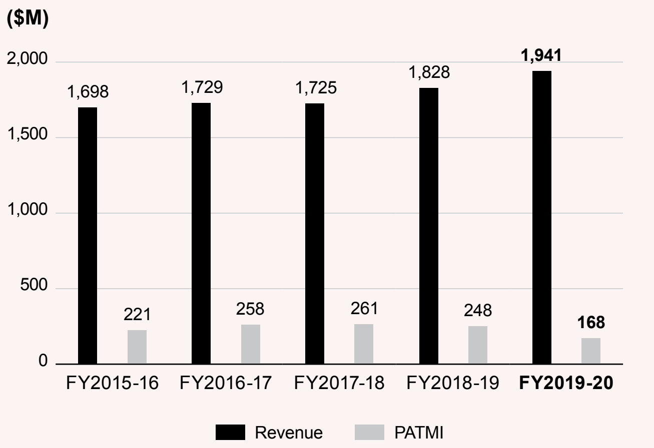
	FY2019-20	FY2018-19	FY2017-18	FY2016-17	FY2015-16
Per Share Data (cents)					
Earnings after tax					
- Basic	**15.1**	22.3	23.4	23.2	19.9
- Diluted	**15.0**	22.2	23.2	23.0	19.7
Net asset value per share	**144.7**	148.0	146.4	143.9	134.4
Dividends					
Interim dividend per share (cents)	**6.0**	6.0	6.0	6.0	5.0
Final and special dividends per share (cents)	**0.0**	13.0	12.0	11.0	10.0
Dividend cover (times)	**2.5**	1.2	1.3	1.4	1.3
Dividend payout (%)	**39.8**	85.5	76.9	73.7	75.7
Cash Flows ($ million)					
Cash flows from operations	**304.6**	344.2	298.4	351.8	309.9
Free cash flow	**168.3**	208.0	146.3	220.8	221.9
Capital expenditure	**75.6**	87.6	99.2	88.1	51.2
Operating Statistics					
Cargo/mail processed (million tonnes)	**1.79**	1.86	1.83	1.72	1.60
Passengers handled (million)	**84.62**	59.87	54.30	51.53	48.45
Gross meals produced (million)	**82.46**	76.05	70.51	67.61	64.34
Flights handled (thousand)	**351.44**	213.16	165.94	171.38	162.24
Ship calls handled	**258**	312	189	147	110

Notes:

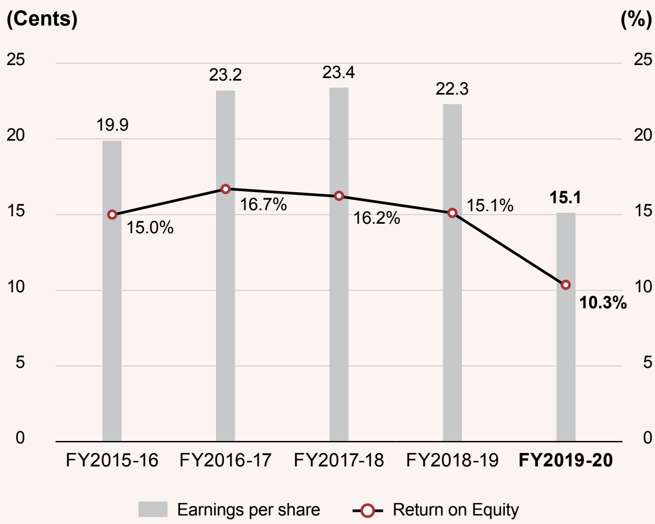
1 SATS' financial year is from 1 April to 31 March. Throughout this report, all financial figures are stated in Singapore Dollars, unless otherwise stated.
2 Underlying net profit refers to profit attributable to owners of the Company excluding one-off items.
3 Return on equity is profit attributable to owners of the Company expressed as a percentage of the average equity holders' funds.
4 Debt-equity ratio is gross debt divided by equity attributable to owners of the Company at 31 March.
5 Average number of employees refers to the number of full time equivalent employees over 12 months, including participants in the flexible-hour work scheme that was introduced since FY2014-15.
6 Basic earnings per share is computed by dividing profit attributable to owners of the Company by the weighted average number of fully paid shares in issue.
7 Diluted earnings per share is computed by dividing profit attributable to owners of the Company by the weighted average number of fully paid shares in issue after adjusting for dilution of shares under the various employee share plans.
8 Net asset value per share is computed by dividing equity attributable to owners of the Company by the ordinary shares (excluding treasury shares) in issue at 31 March.
9 Dividend cover is derived by dividing profit attributable to owners of the Company by total dividend (net of tax).
10 Dividend payout ratio is derived by dividing total dividend (net of tax) by profit attributable to owners of the Company.
11 Free cash flow comprises cash flows from operating activities less cash purchases of capital expenditure.
12 Operating statistics cover SATS and its subsidiaries, but does not include associates and joint ventures.
13 Passengers handled comprises full service and low cost carrier as well as cruise ship passengers.
14 Gross meals include both inflight and institutional catering meals.

Financial Review

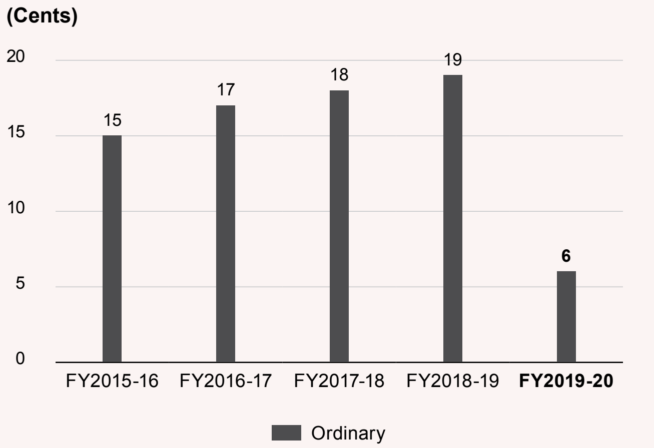
Revenue and Profitability



Earnings Per Share and Return on Equity



Dividend Per Share



Highlights

Amid a slowdown in the region due to US-China trade tension and the COVID-19 pandemic, Group revenue grew $113.2 million or 6.2% to $1,941.2 million for the year ended 31 March 2020. Food Solutions revenue was 8.3% higher attributed to the consolidation of CFPL and NWA, offset by the divestment of FASSCO in August 2019 and the lower aviation volumes in the last quarter of the financial year. Gateway Services revenue grew 3.7% driven by the consolidation of GTR and strong performance in ground handling pre-COVID period.

Despite higher revenue, operating profit declined by $20.8 million or 8.4% to $226.2 million as the global headwinds took a heavy toll on our financial performance. Operating profit margin was 11.7% compared to 13.5% from prior year.

Profit contribution from associates/joint ventures decreased $47.1 million or 80% to $11.8 million, compared to last financial year. This was due to lower business volumes experienced by almost all associates and joint ventures in the last quarter as well as impairments made by the associates/joint ventures in terms of credit losses and asset impairments in view of the COVID-19 impact.

Other non-operating expenses increased $18.9 million mainly relates to impairments made for certain property, plant and equipment as well as investment in some associates due to COVID-19.

Group profit attributable to owners of the Company declined $80 million or 32.2% to $168.4 million. Excluding one-off items, the underlying net profit decreased $61.1 million or 25.3% year-on-year to $180.3 million.

The Group's return on equity declined 4.8 points to 10.3% over the year due to lower reporting earnings for the year.

As at 31 March 2020, total assets held in the balance sheet was $3,009.8 million with aggregate cash and short term deposits of $549.2 million, while free cash flow generated during the year amounted to $168.3 million. Debt-to-equity ratio was 0.39 times compared to 0.06 times a year ago.

Earnings Per Share

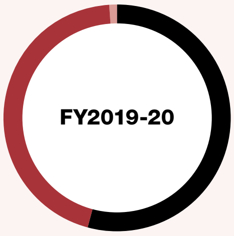
The Group's earnings per share dropped 32.3% year-on-year to 15.1 cents compared to 22.3 cents due to lower reported earnings.

Dividends

In light of the significant uncertainties in our operating environment, the Board of Directors believe that it would be prudent not to pay a final dividend for FY2019-20. Therefore, the total dividend paid for the full year FY2019-20 is 6 cents per share or $67.1 million in aggregate, which translates to a payout ratio of 39.8% to our shareholders.

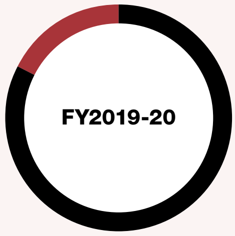
Revenue – By Business, Industry and Geographical Location

Business



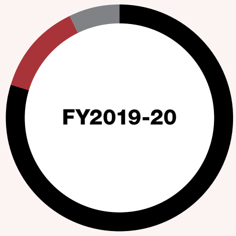
Food Solutions	55.1%
Gateway Services	44.8%
Others	0.1%

Industry

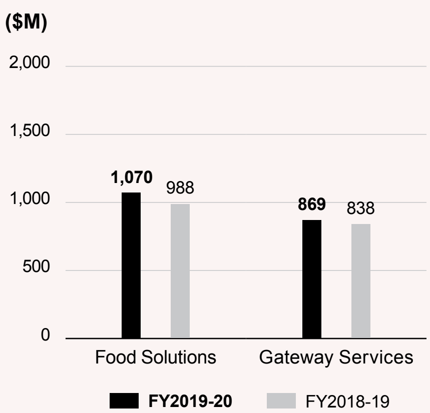


Aviation	82.6%
Non-aviation	17.4%

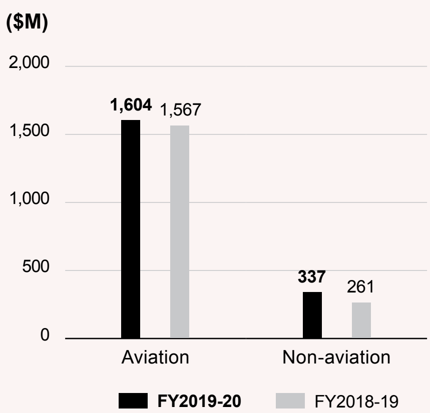
Geography



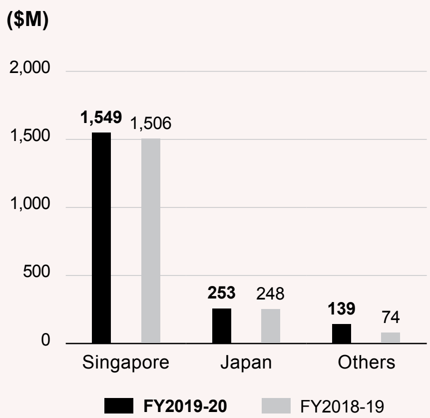
Singapore	79.8%
Japan	13.1%
Others	7.1%



Notes:
- Food Solutions: revenue from inflight catering, institutional catering, chilled, frozen and retort food manufacturing, hospitality services and airline linen and laundry services.
- Gateway Services: revenue from airport and cruise terminal services, including ground and cargo handling, passenger and security services, baggage handling, apron services and cargo logistics services.
- Others: revenue mainly from the corporate services.

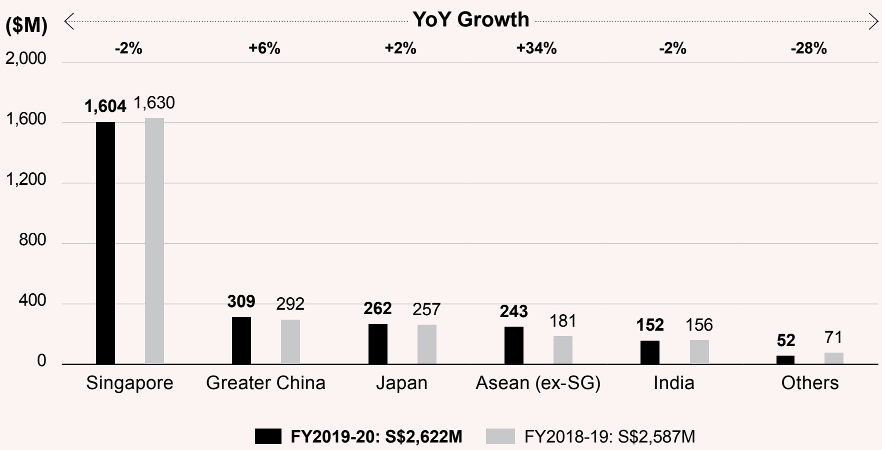


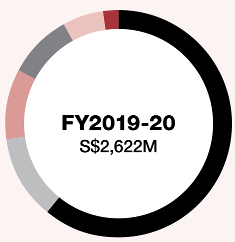
Notes:
- Aviation: revenue from aviation-related businesses in Food Solutions and Gateway Services.
- Non-aviation: revenue from SATS Food Services group, Food and Allied Support Services Corporation group, SATS-Creuers Cruise Services, SATS China Group and corporate services.



Notes:
- Singapore: revenue from Food Solutions and Gateway Services businesses in Singapore.
- Japan: revenue from TFK.
- Others: revenue from SATS Food Services group (Australia), Food and Allied Support Services Corporation group (Abu Dhabi and India), GTR entities, SATS China Group and SATS Saudi.

Combined Revenue by Geographical Location*





Singapore	61%
Greater China	12%
Japan	10%
Asean (ex-SG)	9%
India	6%
Others	2%

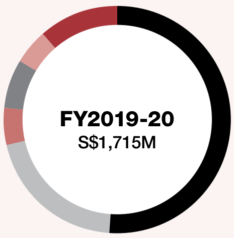
* Combined revenue is the aggregate of the consolidated revenue and proportionate share of revenue from its associates/joint ventures (Non-SFRS(I)).

The combined revenue of the Group increased 1.3% year-on-year to S$2,622 million with overseas contribution amounting to 39.0%.

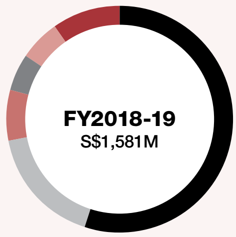
Financial Review

Expenditure

The Group's operating expenditure in FY2019-20 was $1,715 million, an increase of $134 million or 8.5% year-on-year primarily due to the consolidation of newly acquired subsidiaries, CFPL and NWA, offset by the divestment of FASSCO. This has led to an increase in both staff costs and cost of raw materials. The higher staff costs was mitigated by various government reliefs, lower contract services, overtime and other variable staff costs attributable to the lower aviation volume in the last quarter. Depreciation and amortisation was higher due to new projects and assets, partly offset by lower company premise and utilities expenses. Other costs increased due to higher maintenance expenses for ground support equipment, IT expenses to support digitalisation and transformation projects, fuel costs, lower foreign exchange gains as well as higher allowance for doubtful debts.

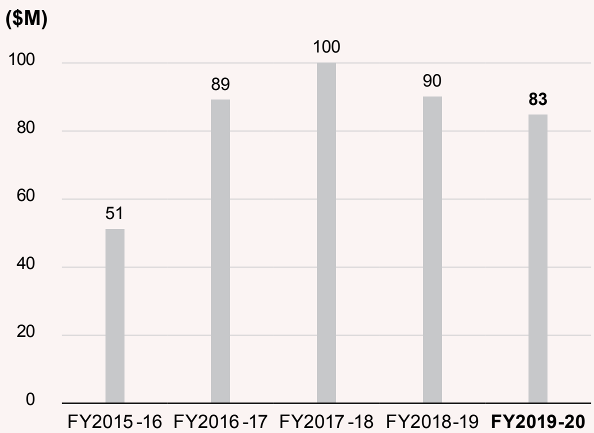


Staff costs	51.3%
Cost of raw materials	20.2%
Company premise and utilities	5.4%
Depreciation and amortisation	6.9%
Licence fees	4.9%
Other costs	11.3%

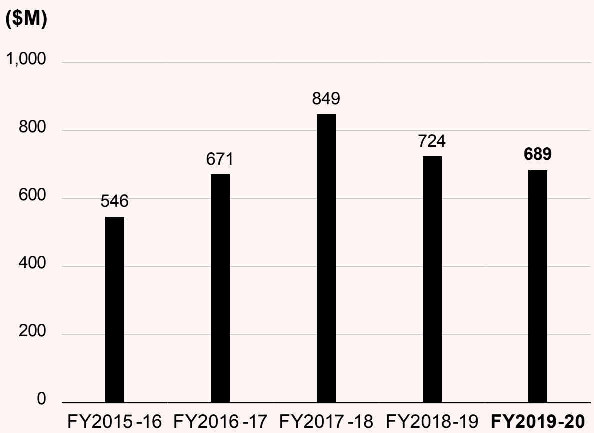


Staff costs	55.3%
Cost of raw materials	16.9%
Company premise and utilities	7.2%
Depreciation and amortisation	5.4%
Licence fees	5.6%
Other costs	9.6%

Investment in Capital Expenditure



Carrying Value of Investment in Associates/ Joint Ventures



Balances as at end of financial year

Financial Position

Total equity attributable to the owners of the Company decreased $31.7 million to $1,617.5 million as at 31 March 2020 primarily due to lower profits generated during the year after netting off dividend payment to shareholders, mitigated by lower treasury shares.

Total assets increased $601.4 million to $3,009.8 million, largely due to higher property, plant and equipment, intangible assets, long term investments, higher trade and other receivables, inventories as well as cash and short-term deposits.

Capital expenditure of $82.8 million was $7.7 million, or 8.5% lower compared to last year. The Group's net asset value per share as at end of current financial year was $1.45, 2.2% lower compared to last year.

The Group's cash and cash equivalents was $549.2 million as at 31 March 2020, an increase of $199.3 million due to issuance of Series 001 Notes pursuant to the Multicurrency Debt Issuance Programme, drawn down of loan facilities, higher cash from operating activities as well as dividends received from associates/joint ventures.

Net cash from operating activities was $243.9 million, $51.8 million lower than the last corresponding period mainly due to lower operating profit and movement in working capital.

Net cash used in investing activities was $117.3 million, $45 million higher than the last corresponding period mainly attributable to the investment of $7 million in CFPL, net of $10 million cash balance in CFPL at acquisition, $24.1 million in NWA net of $6.1 million cash balance at acquisition and the latest acquired in 4Q FY2019-20, $21.8 million in MBUK net of $8.8 million cash balance at acquisition.

Net cash from financing activities was $66.5 million, $311.4 million higher compared to $244.9 million used in financing activities in the last financial year mainly due to issuance of notes and drawdown of loans, which partly offset by higher dividend paid to shareholders.

Free cash flow generated for the year was $168.3 million, a drop of $39.7 million as compared to prior year.

Value Added

The value added of the Group was $1,113.1 million, a decrease of $50.2 million or 4.3% compared to the preceding financial year. The distribution for FY2019-20 is reflected in the chart below.

Value Added Statement ($ million)	FY2019-20	FY2018-19	FY2017-18	FY2016-17	FY2015-16
Total Revenue	**1,941.2**	1,828.0	1,724.6	1,729.4	1,698.2
Less: Purchase of goods and services	**837.7**	747.8	712.4	682.0	692.6
	1,103.5	1,080.2	1,012.2	1,047.4	1,005.6
Add/(less):					
Interest income	**3.9**	4.1	4.2	4.6	3.5
Share of profits before tax of associates/joint ventures	**26.1**	80.5	88.5	80.1	59.7
(Loss)/Gain on disposal of property, plant and equipment	**(1.8)**	(0.5)	0.4	0.6	(0.4)
Gain on disposal of assets held for sale	**–**	–	15.5	9.3	–
Write-back of earn-out consideration	**–**	11.6	4.5	–	–
Impairment loss on investment in associates	**(11.9)**	(11.6)	–	–	–
Impairment loss and write-off of property, plant and equipment	**(6.8)**	–	–	–	–
Gain on sale of investment	**–**	–	0.3	–	–
Income from long-term investments	**–**	–	–	0.7	–
Other non operating income/(loss)	**0.1**	(1.0)	–	–	–
Exceptional items	**–**	–	–	(0.7)	0.5
Total value added available for distribution	**1,113.1**	1,163.3	1,125.6	1,142.0	1,068.9
Applied as follows:					
To employees					
- Salaries and other staff costs	**759.6**	748.3	707.3	743.3	720.5
To government					
- Corporate taxes *	**52.7**	73.1	73.4	63.3	58.5
To supplier of capital					
- Dividends	**212.5**	200.9	190.3	178.2	155.5
- Interest on borrowings	**7.6**	0.8	0.8	1.2	1.1
Retained for future capital requirements					
- Depreciation and amortisation	**117.6**	84.9	78.5	73.5	70.4
- Non-controlling interests	**7.2**	7.8	4.1	2.8	(2.2)
- Retained profits/(loss)	**(44.1)**	47.5	71.2	79.7	65.1
Total value added	**1,113.1**	1,163.3	1,125.6	1,142.0	1,068.9
Value added per $ revenue	**0.57**	0.64	0.65	0.66	0.63
Value added per $ employment cost	**1.47**	1.55	1.59	1.54	1.48
Value added per $ investment in fixed assets	**0.59**	0.70	0.70	0.75	0.71

Note:

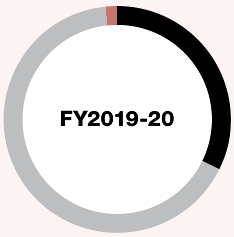
* Includes share of tax of associates and joint ventures.

Financial Review

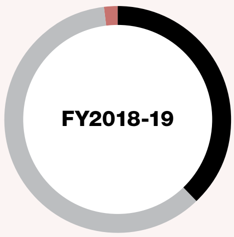
Staff Strength and Productivity

The average number of full-time equivalent employees in the Group for current financial year was 17,155. The 19.9% increase in headcount was mainly due to the consolidation of the newly acquired subsidiaries.

The breakdown of the average number of employees is set out as follows:



Food Solutions	5,565
Gateway Services	11,305
Others	285
Total	17,155



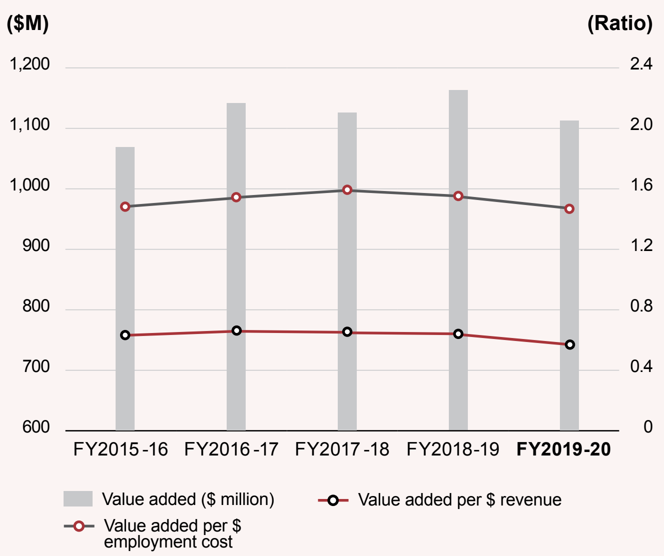
Food Solutions	5,424
Gateway Services	8,609
Others	273
Total	14,306

Staff productivity achieved during the year, measured by value added per employment cost, decreased 5.2% from 1.55 times to 1.47 times mainly due to expansion in staff strength and manpower costs pre-COVID period.

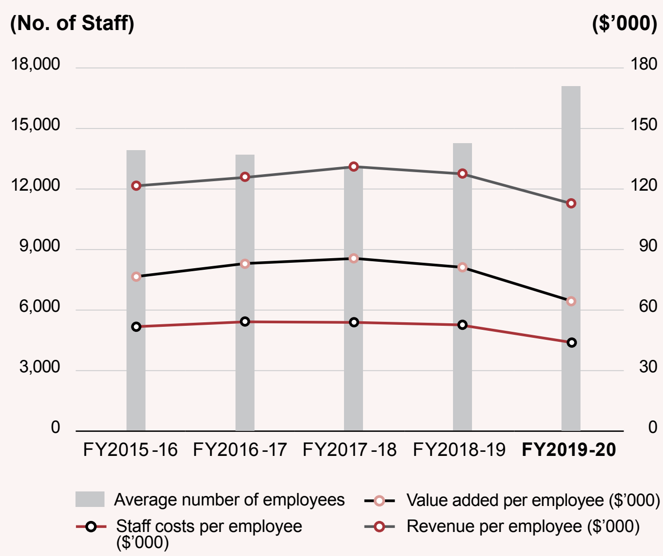
Productivity Analysis	FY2019-20	FY2018-19	FY2017-18	FY2016-17	FY2015-16
Value added ($ million)	**1,113.1**	1,163.3	1,125.6	1,142.0	1,068.9
Value added per employee ($)	**64,885**	81,316	85,620	83,127	76,635
Value added per $ employment cost (times)	**1.47**	1.55	1.59	1.54	1.48
Revenue per employee ($)	**113,157**	127,780	131,182	125,882	121,749
Staff costs per employee ($) **	**44,279**	52,304	53,803	54,102	51,653

Note:
** Staff costs exclude cost of contract labour.

Group Value Added Productivity Ratios



Group Staff Strength and Productivity



Economic Value Added (EVA)

EVA for the Group was $72.7 million, a drop of $38.4 million or 34.6% over the preceding financial year attributed to lower net operating profit after tax (NOPAT).

Financial Calendar

Financial year ended 31 March 2020

2019

18 July
- Announcement of 1Q FY2019-20 results
- Results conference call with live webcast

8 August
- Payment of final dividend

12 November
- Announcement of 2Q FY2019-20 results
- Results conference call with live webcast

11 December
- Payment of interim dividend

2020

13 February
- Announcement of 3Q FY2019-20 results
- Results conference call with live webcast

9 July
- Announcement of 4Q FY2019-20 results
- Results conference call with live webcast

26 August
- Publishing of Notice of Annual General Meeting to shareholders on SGXNET and the Company's website
- Digital Annual Report to go live

24 September
- 47th Annual General Meeting by way of electronic means

Financial year ending 31 March 2021

2020

24 August
- Announcement of 1Q FY2020-21 business update
- Business update conference call with live webcast

12 November
- Proposed announcement of 2Q FY2020-21 results

2021

February
- Proposed announcement of 3Q FY2020-21 business update

May
- Proposed announcement of 4Q FY2020-21 results

Group Management Board

“It is hard to imagine a more testing scenario for SATS than the COVID-19 pandemic. Yet, we have turned it into an opportunity to accelerate our digital transformation and growth strategy, emerging stronger and more resilient.”

Alex Hungate
President and
Chief Executive Officer

“We are constantly challenging ourselves to transform SATS into a versatile and future-ready organisation, pivoting our core strengths to create a playing field with boundless possibilities.”

Manfred Seah
Chief Financial Officer

“Resilience in action is about being calm, resolute, and adaptable in the face of the COVID-19 crisis. I believe we have demonstrated that in many ways.”

Eugene Cheng
Chief Corporate Officer

“Purpose and strategy anchor a company even through turbulent times. I see this every day in our colleagues who strive to achieve our vision and live our values, including becoming a more sustainable business.”

Spencer Low
Chief Strategy &
Sustainability Officer

“Digital transformation and innovation, as essential enablers of our business strategy, continue to be a key priority for SATS.”

Albert Pozo
Chief Digital Officer

“This crisis has tested our people’s limits, but they have passed with flying colours.”

Tan Li Lian
Chief Human Capital Officer

“The SATS team has shown its ability to improvise and develop new ideas to handle the evolving COVID-19 situation, while fulfilling customers’ changing needs.”

Tan Chuan Lye
Chairman
Food Solutions

“Our team rose to the challenge of feeding the nation through safeguarding our supply chain for essential food supplies, and providing meals for the community using our food technologies and capabilities.”

Kerry Mok
Chief Executive Officer
Food Solutions

“Our collective experience will help us serve our customers well. As we re-shape and re-organise, our indomitable team spirit will guarantee success.”

Yacoob Piperdi
Chief Executive Officer
Gateway Services

“It is in challenging times, that the true quality of an organisation becomes clear. The bravery and sense of duty displayed by our people is astounding.”

Denis Marie
Chief Executive Officer
SATS India

“Despite being among the first to experience COVID-19, we handled the situation swiftly and decisively by focusing on our people and customers.”

Donny Cheah
Chief Executive Officer
SATS Greater China

Group Management Board

Alexander Charles Hungate
Mr Hungate is the President and Chief Executive Officer of SATS, with overall responsibility for leading the SATS Group. He is a Board Director and a member of the Board Executive Committee. Mr Hungate joined SATS as Executive Director in July 2013 and assumed his current role on 1 January 2014.

Prior to that, Mr Hungate was the Chief Executive Officer of HSBC Singapore. He joined HSBC in 2007 as Group Managing Director of Personal Financial Services and Marketing, based in London. With over 25 years of global leadership experience, Mr Hungate also served as the Managing Director, Asia Pacific for Reuters, based in Hong Kong, and Co-Chief Executive Officer, Americas and Global Chief Marketing Officer for Reuters, based in New York.

Mr Hungate first joined the SATS board as an Independent Director in July 2011.

He is currently an Independent Director of United Overseas Bank (UOB) Limited and serves as a Board Member of the Singapore Economic Development Board (EDB), and member of the Future Economy Council.

Mr Hungate holds a Master's degree in Engineering, Economics and Management from Oxford University and graduated as a Baker Scholar from the Master of Business Administration (MBA) programme at Harvard.

Manfred Seah Kok Khong
Mr Seah joined SATS as Chief Financial Officer in September 2017. He oversees the group's financial operations and management, investment monitoring, treasury and insurance and investor relations functions of the Group.

Mr Seah has over 25 years of investment banking, direct investments and financial management experience. He has held senior leadership roles in corporate finance and investment management, and has conducted corporate advisory, mergers and acquisitions activities in Asia.

Before joining SATS, Mr Seah was the Group Chief Financial Officer of SMRT Corporation Ltd, where he was primarily responsible for driving changes to the business and financing structure of the Group. At SMRT, Mr Seah led a special task force that developed and facilitated the transition of SMRT Trains Limited to the new rail financing framework, and eventually managed the subsequent privatisation of SMRT by Temasek Holdings in 2016.

Mr Seah sits on various Boards of SATS subsidiaries and associate companies. Mr Seah graduated with Bachelor of Science (First Class Honours) in Mathematics from Queen Mary College, University of London and obtained his Master's degree in Business Administration from the London Business School. He qualified as a Chartered Accountant in London – UK, and has been conferred an Advanced Diploma in Corporate Finance (CF) and Fellow of the Institute of Chartered Accountants in England and Wales (FCA).

Eugene Cheng Chee Mun
Mr Cheng is SATS' Chief Corporate Officer. He joined SATS in May 2017, and oversees the Group's business development, strategic investments and mergers and acquisitions, corporate

strategy, legal and secretariat, risk and safety as well as corporate admin and support services functions. He is responsible for working closely with SATS' business units and leading the acceleration of its strategy of feeding and connecting Asia.

Prior to this, Mr Cheng was the Chief Corporate Officer of IMC Industrial Group where he led its business planning, controllership, financial management, process management, legal, corporate secretarial, insurance, health, safety and security divisions. He was concurrently the Managing Director of IMC's Marine & Offshore Engineering Group, where he had overall responsibility for strategy and business development, as well as resource planning to achieve the Company's strategic, business and financial objectives.

Mr Cheng brings with him many years of professional experience spanning strategic and financial corporate leadership, investment banking advisory as well as accounting. He was previously the Group Chief Financial Officer of Ezra Holdings Limited. Mr Cheng has also worked in investment banks that include JP Morgan and Citigroup (formerly Salomon Smith Barney) and accounting firm Arthur Anderson.

Mr Cheng graduated from Nanyang Technological University with a Bachelor of Accountancy (First Class Honours) and a Master of Accountancy degree. He has published papers in renowned accounting and financial journals.

Albert Pozo Hernandez

Mr Pozo joined SATS as Chief Digital Officer on 2 May 2018 to spearhead the digital transformation of the Group's products, processes, and technology in order to achieve productivity gains and innovate new services.

Prior to this, Mr Pozo was President of Amadeus Asia Pacific, responsible for its regional growth. Mr Pozo first joined Amadeus in 1993 and has held a number of leadership roles. Prior to Amadeus, Mr Pozo worked for Swissair for five years.

Mr Pozo holds an Honours degree in Linguistics from Universitat Autonoma de Barcelona, and has also completed executive programmes at INSEAD and the University of St Gallen.

Spencer Low Kin-Ming

Spencer Low joined SATS in January 2020 as CEO, Consumer Services and Chief Strategy & Sustainability Officer. He is responsible for travel retail and digital marketing, group strategy, as well as public affairs and branding.

Prior to this, Mr Low was the Managing Director of Agoda Greater China, where he was responsible for Agoda's operations in mainland China, Taiwan, Hong Kong and Macau, including strategy, commercial operations, and customer experience. He was previously the Chief Strategy Officer & Executive Vice-President, Customer Acquisition at Rakuten Kobo, part of the Japanese company's Digital Contents Group, where he led strategy development, mergers & acquisitions/post-merger integration, and global customer acquisition.

Mr Low brings more than 20 years of professional experience spanning corporate strategy, online retail travel services, and management consulting. He previously held managerial positions at Holt Renfrew (Selfridges Group Canada), Sears Canada, and Maple Leaf Foods. Mr Low started his career as a consultant with Bain & Co. and was based in multiple offices including Chicago, New Delhi, Shanghai, Singapore, Sydney, Tokyo, and Toronto.

Mr Low holds a Master's degree in International Affairs from Institut d'Etudes Politiques de Paris (Sciences Po) in France, and graduated from the Master of Business Administration (MBA) programme at Ivey Business School, Western University, Ontario, Canada.

Tan Li Lian

Ms Tan is the Chief Human Capital Officer of SATS. She joined the company in August 2010 as Vice President, Human Capital and was promoted to her current position in April 2012.

Ms Tan leads the Group Human Capital team in talent attraction and resource planning, rewards and performance management, human capital development, employee relations, organisation development, industrial relations, internal communications, corporate social responsibility, and all human capital related programmes across the SATS Group of companies.

Before joining SATS, Ms Tan held various senior Human Capital appointments in KPMG Consulting Asia Pacific, Singapore Computer Systems Limited and Singapore Telecommunications Ltd.

Group Management Board

Ms Tan has a wealth of experience in the field of human capital and is currently the Treasurer in the Human Capital Board of Singapore. She is a member of Singapore's Institute of Technical Education's Business & Services Academic Advisory Committee and was a recipient of the SHRI Leading HR Leader Award in 2015 and 2019.

Ms Tan sits on various boards of SATS' subsidiaries. She graduated from Texas A&M University with a Bachelor's degree in Business Administration, majoring in Finance.

Tan Chuan Lye
Mr Tan is the Chairman, Food Solutions of SATS since January 2014. Prior to this, he was its President and Chief Executive Officer from April 2012 to December 2013.

Mr Tan joined SATS in May 1976. In a career spanning over 40 years, he has held managerial positions in SIA Ground Services and SATS Airport Services Pte Ltd, and was responsible for both SIA's and SATS' Changi Airport Terminal 2 operations. He was SATS' Executive Vice President, Food Solutions from October 2009 to March 2012, overseeing and growing its aviation and non-aviation food businesses.

Mr Tan is the Chairman of SATS Food Services Pte. Ltd., SFI Manufacturing Private Limited, and SATS Delaware North Pte. Ltd.

Mr Tan sits on various Boards of SATS' subsidiaries and associate companies. He graduated from the University of Singapore with a Bachelor of Social Science (Honours) degree, majoring in Economics.

Kerry Mok Tee Heong
Mr Kerry Mok is the CEO, Food Solutions of SATS and joined the company in June 2018. Prior to this, he was the CEO of YCH Group since August 2017.

Mr Mok is a seasoned executive with more than two decades of experience in supply chain management and logistics, he has held various senior appointments prior to his move to YCH Group, including his role in Goodpack Limited as the acting Chief Executive Officer and Chief Operating Officer. Before that, he held the position of Managing Director, Strategy – Operations and was also head of the ASEAN Supply Chain Strategy practice for Accenture. Mr Mok was also previously Senior Vice President – Global Head of Technology Sector and APAC Technology Sector & Service Logistics with DHL, accountable for the strategy and growth of the Global Technology Sector for DHL Supply Chain.

He has been an active contributor to tripartite initiatives, having served on the Future Economy Council's Trade & Connectivity Sub-Committee, and on the Ministry of Communication and Information's Infocomm Media Master Plan 2025 working group.

Mr Mok graduated from Monash University, Melbourne, Australia with a Bachelor of Business, Accounting (First Class Honours).

Yacoob Bin Ahmed Piperdi
Mr Piperdi is SATS' CEO, Gateway Services and joined the company in April 1981. He has assumed various positions including

Executive Vice President, Food Solutions; Senior Vice President, Cargo Services; Vice President, Apron Services; Vice President, Cargo Services; and Vice President, Inflight Catering Centre 2. He also held other managerial positions in apron and baggage, passenger services, marketing, and SIA Ground Services, where he was responsible for network procedures and ground handling contracts. During his terms in Food Solutions and Gateway Services, he spearheaded the Group's entry into an airside perishable handling centre, an automated eCommerce facility within the airfreight terminal complex and the sports catering, cruise terminal management and inflight duty-free and duty-paid retail sales businesses.

Mr Piperdi sits on various Boards of SATS' subsidiaries and associate companies. He is the Chairman of SATS-Creuers Cruise Services Pte Ltd, Chairman of GTRSG Pte Ltd, Chairman of Ground Team Red Holdings Sdn Bhd and the Vice President Commissioner of PT Jasa Angkasa Semesta Tbk. Mr Piperdi is a member of Saudi Arabia's private sector logistics advisory team.

He graduated from the National University of Singapore with a Bachelor of Arts (Honours) degree, majoring in English.

Dennis Suresh Kumar Marie

Mr Marie is the CEO of SATS (India) Co. Private Limited. He is currently based in Mumbai and is responsible for the operational planning of new ventures and business opportunities as SATS develops its expansion plans. He concurrently oversees the operations of SATS Security Services Pte Ltd.

Mr Marie joined SATS in October 2001 as General Manager of SATS Security Services and assumed various management positions. He held the position of Senior Vice President, Apron Services from June 2012 to July 2018. Prior to that, he was Senior Vice President, Passenger Services.

Mr Marie has a wealth of experience in security and law enforcement. Before joining SATS, he held senior positions in training and security management, including the appointment of Deputy Assistant Commissioner with CISCO.

Mr Marie sits on various Boards of SATS' subsidiaries. He graduated from the Oklahoma City University in the US with a Bachelor of Science, majoring in Business Administration.

Donny Cheah Chi Choy

Mr Donny Cheah joined SATS as CEO of Greater China on 19 September 2019. Based in China, Mr Cheah is responsible for spearheading the operational planning of new ventures and business opportunities, as well as driving operations to enhance customer experience in Greater China, and works closely with business division heads on strategy, platforms and business development to propel growth in the region.

Mr Cheah brings with him 25 years of experience in the technology and telecommunications industries with roles based across the Asia Pacific region, including China, Hong Kong, Japan and Singapore. Most recently, he was Regional Vice President and General Manager, China, for Panasonic Avionics Corporation. Prior to this, Mr Cheah was the President & CEO at Sumitomo Drive Technologies and spent almost 15 years at Singtel, where he gained significant commercial and management experience, including Managing Director of China, Japan, Senior Director of Global Accounts, and Regional Head of Australia, India, Middle East, and subsequently Europe and the U.S.

Mr Cheah holds a Master's Degree in Business Administration from the University of Strathclyde in Glasgow, Scotland and a Bachelor of Business Degree from Monash University in Melbourne, Australia.

Corporate Governance Report

We are dedicated to upholding the highest standards of corporate governance. Our corporate governance principles reflect our focus on strong leadership, effective internal controls and risk management, a robust corporate culture, accountability to shareholders and engagement with stakeholders.

We are pleased to report that for the financial year ended 31 March 2020 (FY2019-20), we have complied with the core principles of corporate governance laid down by the Code of Corporate Governance 2018 (2018 Code) and also, in all material respects, with the provisions that underpin the principles of the 2018 Code. Where there are any deviations from the provisions of the 2018 Code, we have provided appropriate explanations.

Corporate governance awards won in 2019:

- Runner-up for Most Transparent Company Award (Industrials) at the SIAS Investors' Choice Awards 2019
- Bronze Award (Companies with S$1 billion and above in market capitalisation) for Best Investor Relations at the Singapore Corporate Awards 2019

Board of Directors

Key features of our Board:

- *Separation of the role of Chairman and PCEO*
- *Nine out of our ten Directors are independent non-executive Directors*
- *None of our independent non-executive Directors have served for more than seven years as at the end of FY2019-20*
- *Three out of our ten Directors are female*

Role of the Board

The Board provides entrepreneurial leadership, and is responsible for overseeing the business, financial performance and affairs of the Group. The Board's key functions include:

- Setting the overall business strategies, directions and long-term goals of the Group (which include appropriate focus on value creation, innovation and sustainability) to be implemented by Management, and ensuring that adequate resources including financial and human resources are available
- Setting the values and standards (including ethical standards) of the Group and appropriate tone-from-the-top and desired organisational culture, ensuring that the Group's policies and practices are consistent with the culture, and that there is proper accountability within the Group
- Providing sound leadership and guidance to, and constructively challenging, the PCEO and Management
- Overseeing the business, financial performance and affairs of the Group, and monitoring the performance of the PCEO and Management including guiding through any unforeseen challenging macro situations
- Evaluating and approving important matters such as major investments, funding needs and expenditure
- Having overall responsibility for the corporate governance, strategy, risk management and financial performance of the Group, including the processes of evaluating the adequacy of internal controls, risk management systems, financial reporting and compliance (including legal, tax and regulatory compliance)

- Putting in place policies, structures and mechanisms to ensure compliance with legislative and regulatory requirements
- Ensuring effective communication with, and transparency and accountability to, key stakeholder groups
- Protecting and enhancing the reputation of the Group
- Considering sustainability issues as part of the Group's strategy
- Setting the Board diversity policy (including qualitative and quantitative objectives, where appropriate)

The Board has adopted a set of guidelines on matters that require its approval, which include all matters of strategic importance, corporate governance practices, legal and regulatory compliance, risk management, maintenance of performance standards, corporate culture, reputation and ethical standards, corporate strategy, approval of business plans, review of results, approval and monitoring of major investments and strategic commitments, operating and capital expenditure budgets, and all matters which the Board is responsible for, or which the Board has delegated to committees, under relevant laws and regulations. These guidelines are communicated to Management in writing.

The Board also engages with and provides guidance to Management in the development and execution of strategies, stakeholder engagement, as well as a wide range of matters in the areas of business, strategy, operational issues, governance and risk management. A Board Sponsor pairing on areas of special focus for each Director based on their expertise and experience was established to enhance interaction with and provide in-depth guidance to Management in the execution of the Company's strategy. There is a written Financial and Operating Approval Authority Matrix setting out the approval limits (based on established financial thresholds) of the Board, the Executive Committee and the Management for investments, purchases, disposals, selection of vendors, write-offs, etc.

Board Code of Conduct

All Directors aim to objectively discharge their duties and responsibilities at all times as fiduciaries in the best interests of SATS and ensure proper accountability within the Company. They understand SATS' business as well as their directorship duties (including their roles as executive, non-executive and independent directors). The Board has adopted a Code of Conduct as a means to guide the Directors on the areas of ethical risk, and help nurture an environment where integrity and accountability are key.

Our Board Code of Conduct includes the following key principles:

- Directors must avoid situations in which their own personal or business interests directly or indirectly conflict, or appear to conflict, with the interests of SATS
- Directors must immediately declare conflicts of interest in relation to any matter and recuse themselves from participating in any discussion and/or decision on the matter, and are expected to take necessary mitigating steps (if appropriate) to avoid the conflict
- Directors should consult the Chairman of the Board and the Chairman of the Nominating Committee before accepting any appointments to the board of directors of another public or private company
- Directors are to exercise due care and maintain the confidentiality of information entrusted to them by SATS or other parties who have business dealings with SATS
- Directors must carry out their responsibilities in compliance with SATS guidelines and policies, and applicable laws, rules and regulations
- Directors must not trade in the securities of SATS if, at the relevant time, they are in possession of non-public materially price-sensitive or trade-sensitive information

The Board has also put in place a detailed Policy on Disclosure of Interests in Transactions by Directors which supplements the Board Code of Conduct. This policy sets out the legal obligations in respect of the disclosure requirements for conflicts under the Companies Act, and the procedure and best practice recommendations for making such disclosures.

Corporate Governance Report

Board Composition

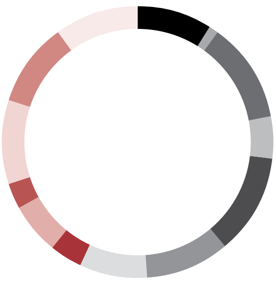
We have ten Directors on our Board, nine of whom (including the Chairman) are independent non-executive Directors (IDs). The PCEO is the only non-independent Director.

Under the 2018 Code, non-executive Directors should make up a majority of the Board whereas independent Directors should make up at least one-third of the Board. Our Chairman is independent and as there is a majority of independent and non-executive Directors on our Board, the requirements of the 2018 Code are well met.

We have not appointed a lead independent Director as our Chairman is not conflicted and is independent. The Chairman and the PCEO are not related to each other.

Our Directors are business leaders and professionals with financial, banking, sales and marketing, branding, consumer business, human resource, operational, IT/technology, legal, venture capital investing, mergers and acquisitions, compliance and accounting backgrounds. They also have extensive experience in jurisdictions outside Singapore. We believe that the size and composition of the Board are currently appropriate given the size and geographic spread of our operations.

Directors' Expertise and Experience Matrix



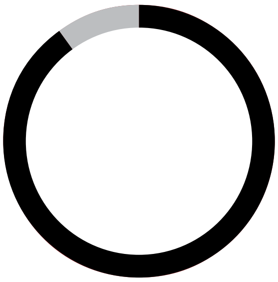
Finance & Accounting	9%
Legal	1%
Strategy & Analytics	12%
Information Technology	5%
Sales & Marketing	12%
Human Resource	10%
Risk Management	8%
Food Solutions	4%
Economics	6%
Supply Chain Management & Logistics	3%
Branding	10%
Mergers & Acquisitions	10%
Others: Consumers Marketing, Banking, Customer Services	10%

Directors' Expertise and Experience by Geography

India/Middle East	16%
Greater China	20%
ASEAN	20%
Local - Singapore	20%
US/UK/Europe	11%
Others: Australia, Egypt, Japan, Korea, Latin America, Mongolia, New Zealand, Pakistan	13%

There is a process of refreshing the Board progressively over time which enables the Board to draw upon the experience of longer-serving Directors while at the same time tapping into the new external perspectives and insights from the more recent appointees. None of our independent non-executive Directors have served for more than seven years as at the end of FY2019-20.

Independence



Independent Non-Executive Director	90%
Executive Director/ PCEO	10%

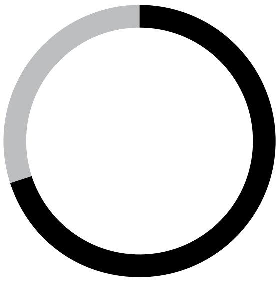
Length of Service

1 - 3 years	10%
3 - 5 years	50%
5 - 7 years	30%
7 - 9 years	10%

Age of Directors

46 - 50	10%
51 - 55	30%
56 - 60	0%
61 - 65	30%
66 - 70	10%
71 - 75	20%

Gender Diversity



Male Directors	70%
Female Directors	30%

Board Diversity

We are committed to building an open, inclusive and collaborative culture and recognise the benefits of having a Board and Board Committees with diverse backgrounds and experience. We have adopted a Board Diversity Policy which focuses on the importance of an appropriate balance of skills, experience, gender, age, industry and geographic knowledge and professional qualifications in building an effective Board with the ability to guide and support us in achieving our strategic objectives and for sustainable growth and development. Such diversity will help to avoid groupthink, whilst at the same time allow the Board to better identify potential risks, foster constructive debate, raise challenging questions, and contribute to problem-solving.

Under our Board Diversity Policy, the Nominating Committee will, in reviewing the Board's composition, rotation and retirement of Directors and succession planning, consider aspects such as professional qualifications, industry and geographic knowledge, skills, length of service and the needs of the Company. In particular, we consider gender to be an important aspect of diversity and strive to ensure that there is adequate gender mix on the Board and also to appoint Directors who are from diverse age groups. All Board appointments will be based on merit of candidates, and will be considered against objective criteria and having due regard for the benefits of diversity on the Board, our needs and our core values.

The current make-up of our Board reflects our commitment to the relevant diversity in gender, age, nationality, ethnicity, skills and knowledge. The Nominating Committee will continue to review the Board Diversity Policy, as appropriate, to ensure its effectiveness, and will recommend appropriate revisions to the Board for consideration and approval.

The current Board composition reflects the Company's commitment to Board diversity, especially in terms of female representation (30%) and diverse age range (48 to 72 years). We are committed to implementing the Board Diversity Policy, and any progress made towards the implementation of such policy will be disclosed in our Corporate Governance Report, as appropriate.

Corporate Governance Report

Role of the Chairman and the PCEO

The roles of our Chairman (Ms Euleen Goh) and PCEO (Mr Alex Hungate) are clearly separated to ensure appropriate checks and balances, increased accountability and greater capacity of the Board for independent decision-making. The Chairman and the PCEO have a relationship of trust, and collaborate with each other on the development and communication of strategies and performance monitoring. The Chairman and the PCEO are not related to each other.

The responsibilities of the Chairman and the PCEO are clearly established and documented in writing in formal Role Statements, which have been adopted by the Board. The Chairman provides support and advice to the PCEO while at the same time respecting executive responsibility. The PCEO seeks support and advice from the Chairman while at the same time respecting the independence of the Chairman.

The Chairman heads the Board and acts independently of Management. Her primary role is to provide leadership to the Board and its committees and to monitor the translation of the Board's decisions into executive action. In particular, the Chairman is responsible for the following:

Leadership, Strategy and Culture

- Leading the Board and upholding the highest standards of integrity and probity
- Ensuring that the Board plays a full and constructive part in the development and determination of our strategy, overall objectives and sustenance and growth of our business, and promoting a culture of openness and debate
- Enhancing our standing with the outside world
- Ensuring an appropriate balance between the interests of our shareholders and other stakeholders such as employees, regulators and customers
- Promoting high standards of corporate governance
- Guiding Management through challenging macro-economic or other unexpected events

Board Matters

- Ensuring that the Board is properly organised, functions effectively and meets its obligations and responsibilities, including ensuring the Directors receive accurate, timely and clear information
- Setting the agenda for Board meetings and conducting effective Board meetings
- Ensuring effective liaison and communication and encouraging constructive relations within the Board and between Board and Management, in particular, between the Board and the PCEO
- Ensuring that the Directors have enough time and information to engage Management and to discuss various matters, and to facilitate the effective contribution of all the Directors
- Ensuring the responsibilities of the Board are well understood by both the Board and Management and the boundaries between the Board and Management are clearly understood and respected
- Ensuring that new Directors participate in a tailored orientation programme and that Directors are able to continually update their skills and knowledge
- Ensuring that the performance of the Board and each Director is evaluated at least once a year

Relationship with Shareholders, Regulators and Key Customers

- Ensuring effective communication with shareholders and other stakeholders
- Representing the Board at official functions and meetings with shareholders
- Ensuring that the views of shareholders are communicated to the Board
- Promoting our interests when engaging with the regulators and key customers

The PCEO, assisted by the Senior Management team, makes strategic proposals to the Board and after robust and constructive Board discussions, executes the agreed strategy, manages and develops the Group's businesses and implements the Board's decisions. The PCEO also communicates on behalf of the Company to different stakeholder groups such as shareholders, employees, government authorities and regulators, and the public.

Board Meetings and Activities

The Board meets regularly and our Directors attend and actively participate in Board and Board Committee Meetings. To facilitate meaningful participation, our Board and Board Committee meetings are planned and scheduled in advance. In addition, *ad hoc* Board meetings are convened if and when there are pressing matters requiring the Board's deliberation and decision in between the scheduled meetings. Board approvals for more routine matters may sometimes be obtained by the circulation of written resolutions, outside of Board meetings.

Board Meetings

- The agenda for Board meetings is decided by the Chairman in consultation with the PCEO, and is planned to allow for sufficient time to address all items
- Matters requiring decision and approval and matters which are for the Board's information is clearly set out in the detailed agenda
- As part of good corporate governance, key matters requiring Board approval are largely reserved for resolution at Board meetings rather than by circulation to facilitate discussion amongst Board members and Management
- As far as possible, all relevant information, papers and materials are made available to the Directors at least a week prior to the meeting; this would enable any Director who is unable to attend a meeting to provide input and raise queries on the agenda items
- Board papers are detailed and give the background, explanatory information, justification, risks and mitigation measures for each agenda item and mandate sought by Management, including, where applicable, relevant budgets, business plans, forecasts and projections and, in respect of budgets, any material variance between the projections and actual results are disclosed and explained
- Directors can ask for additional information as needed to make informed decisions
- All materials for Board and Board Committee meetings are uploaded onto a secure online portal which can be readily accessed on tablet devices provided to Directors
- A separate resource folder in the online portal contains the terms of reference of all Board committees and all operating policies of the Group for the Directors' reference
- The Chairman encourages openness and debate at Board meetings and Directors participate actively in Board discussions and share their insights on issues and matters tabled
- The Company Secretary attends all Board meetings and minutes the proceedings
- The Company Secretary and members of the Group Management Board (GMB) are usually invited and are present at meetings of the Board and the Board Executive Committee
- The Board and Board Committees may invite any other member of the Management team to be present at their meetings
- External professionals may also be invited to present updates on corporate governance, legal, tax and/or accounting matters, listing rules and other relevant topics
- If a Director is unable to attend a meeting in person, he can participate by telephone or video conference as this is permitted under the SATS' Constitution
- Minutes of meetings are prepared and circulated to the Directors, as far as practicable, within one week of the relevant meeting, and are archived in a separate folder in the secure online portal for easy access by the Directors

Strategy and Other Meetings

- Since 2003, the Board has conducted annual Board Strategy meetings in order to have more focused discussions on key strategic issues
- Board members lend their experience and expertise by being part of and contributing to strategy discussions which may be country or business specific outside of formal Board and Board Committee meetings
- Board members (led by the Chairman or other independent Directors as appropriate) also meet regularly with and without the presence of Management and review and monitor the performance of Management in meeting the goals and objectives set for them, and the chairman of such meetings provides feedback to the Board and/or the Chairman as appropriate
- Where appropriate, Board members are included in strategy discussions ahead of the Board Strategy Meeting to help formulate the strategies that will be presented at the meeting
- Board members also participate with Management in ongoing discussions on specific geographical or business topics where they as individuals have particular expertise

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Access to Information

- Board members receive information papers on material matters and issues being dealt with by Management, monthly financial reports covering operating statistics, Group operating expenses, geographical and industry performance, performance of each business segment, associate and joint-venture and an update on the Balance Sheet. The Board also receives monthly reports on the financial performance of the Group, strategy implementation updates, key operational matters, market updates, human resource developments, business development activities and updates on potential investment opportunities
- In addition, Board Committee members receive minutes and reports from Management relating to their specific areas of oversight, which may contain more detailed and specific information
- Queries by individual Directors on circulated papers are directed to Management who will respond accordingly and where relevant, Directors' queries and Management's responses are circulated to all Board members for their information

Access to Management and Company Secretary

- The Board has separate and independent access to the members of the GMB, the Company Secretary, and other key Management, as well as to the internal and external auditors
- The Board also has separate and independent access to the Company Secretary, who supervises, monitors and advises on all governance matters, and on compliance with the Constitution, applicable laws and regulations, the 2018 Code, and the Listing Manual of the Singapore Exchange Securities Trading Limited (SGX-ST). The Company Secretary communicates with relevant regulatory authorities and shareholders, facilitates communication between the Board, its committees and Management, and helps with orientation and the professional development of the Directors. The appointment and removal of the Company Secretary are subject to the approval of the Board
- There is also a Board-endorsed procedure for Directors, either individually or collectively, in furtherance of their duties, to take independent professional advice, if necessary, at SATS' expense

Non-Executive Directors

- We have put in place processes to ensure that our non-executive Directors are well supported by accurate, complete and timely information, have unrestricted access to Management, have sufficient time and resources to discharge their oversight function effectively, and constructively challenge Management and help develop proposals on strategy
- To facilitate open discussion and review of the performance and effectiveness of Management, our non-executive Directors meet up about four times a year for informal discussions prior to the scheduled Board meetings, and from time to time where required, without Management being present.

Non-Executive Directors' Remuneration

Every Director receives a basic fee. In addition, he receives a Chairman's fee if he is the Chairman of the Board, as well as the relevant Board Committee fee (depending on whether he served in the capacity as the Chairman or as a member of the relevant Board Committee) for each position held on a Board Committee. Non-executive Directors who cease to be a Director during any part of the financial year are paid pro-rated fees for the term of their office. Each Director also receives an attendance fee for each Board meeting and Board Committee meeting attended by him during the financial year. The attendance fees for Board and Board Committee meetings vary according to whether the meeting is held in the state/country in which the Director is ordinarily resident and whether the Director is attending in person or via teleconference/video conference.

Whilst the Remuneration and Human Resource Committee is of the view that non-executive Directors should not be over-compensated, it is mindful that competitive and equitable remuneration will attract, motivate and retain Directors with the necessary experience and capabilities and desired attributes who can contribute to the Company's future development and growth.

The scale of Directors' fees for the financial year ending 31 March 2021 (FY2020-21) remains unchanged from that for FY2019-20, and is set out below:

Types of Appointment	Scale of Directors' fees (FY2020-21) S$
Board of Directors	
Basic fee	**55,000**
Board Chairman's fee	**85,000**
Board Deputy Chairman's fee	**40,000**
Audit Committee	
Committee Chairman's fee	**36,000**
Member's fee	**23,000**
Board Executive Committee	
Committee Chairman's fee	**36,000**
Member's fee	**23,000**
Other Board Committees	
Committee Chairman's fee	**25,000**
Member's fee	**13,000**
Board Meeting Attendance Fee	
Attendance via teleconference/videoconference	**1,000**
Attendance in person in home city (up to 4 hours for travel within home city)	**2,500**
Attendance in person outside home city	**5,000**
Board Committee Meeting Attendance Fee	
Attendance via teleconference/videoconference	**500**
Attendance in person in home city (up to 4 hours for travel within home city)	**1,200**
Attendance in person outside home city	**2,500**

The Board believes that the existing fee structure for the non-executive Directors, which is referenced against comparable benchmarks, is appropriate to the level of contribution, taking into account factors such as effort, time spent and responsibilities.

Notwithstanding the above fee structure, the Board took a voluntary 15% reduction in fees with effect from 1 March 2020 as part of the cost saving measures taken due to the impact of the COVID-19 pandemic on its business. Accordingly, at the forthcoming AGM, approval of the shareholders will be sought for the payment of a reduced aggregate sum of up to S$1,200,000 as Directors' fees for the non-executive Directors for FY2020-21 (FY2019-20: S$1,300,000).

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The amount of Directors' fees has been computed on the basis of the anticipated number of Board and Board Committee meetings for FY2020-21, assuming attendance by all the Directors at such meetings, and also caters for additional fees (if any) which may be payable due to additional board representations on the Company's subsidiary(ies) and/or joint ventures or to additional Board or Board Committee members being appointed in the course of FY2020-21. If approved, the proposed fees for FY2020-21 will facilitate the payment of Directors' fees during or soon after the financial year in which such fees are incurred.

Subject to the requisite shareholders' approvals being obtained, the non-executive Directors (including the Chairman) will each receive approximately 70 percent of his/her total Directors' fees for FY2020-21 in cash and approximately 30 percent in the form of SATS shares (FY2019-20: 70 percent in cash and 30 percent in shares).

The share component is intended to be paid out in the form of awards under the SATS Restricted Share Plan. The awards will consist of fully paid shares with no performance conditions attached and no vesting periods imposed. However, the non-executive Directors will be required to retain a base shareholding worth up to one year's retainer fee for as long as he is on the Board, and for a period of one year after stepping down as a Director, in order to better align the interests of non-executive Directors with the interests of shareholders. A non-executive Director who steps down before the payment of the share component of his fees will receive all of his fees (calculated on a pro-rated basis, where applicable) in cash.

The cash component of the Directors' fees is intended to be paid half-yearly in arrears. The current intention is for the share component of the Directors' fees for FY2020-21 to be paid after the 2021 AGM has been held. The actual number of shares to be awarded will be determined by reference to the volume-weighted average price of a share on the SGX-ST over the 10 trading days after the 2021 AGM, rounded down to the nearest hundred shares, and any residual balance will be settled in cash.

With respect to the Directors' fees for FY2019-20 which was approved by shareholders at the Company's 2019 AGM held on 18 July 2019, the Company had disclosed in the notice convening the 2019 AGM that the intention at that time was for the share component of such fees (approximately 30 percent) to be paid after the 2020 AGM has been held or after the release of the Company's first quarter financial results for FY2020-21, whichever is the later. Following amendments to the Listing Manual of the SGX-ST effective 7 February 2020, the Company announced on 9 July 2020 that it would, moving forward, adopt half-yearly reporting of its financial results. With respect to the financial performance of the Company for the first and third quarters of each financial year, the Company would instead provide voluntary quarterly business updates containing meaningful and relevant financial and non-financial information on the Company's performance for the relevant quarter. The Company's voluntary quarterly business update for the first quarter of FY2020-21 has since been released on 24 August 2020. As such, the share component of the Directors' fees for FY2019-20 will be paid out in the form of awards under the SATS Restricted Share Plan after the 2020 AGM to be held on 24 September 2020, with the actual number of shares to be awarded determined by reference to the volume-weighted average price of a share on the SGX-ST over the 10 trading days after the 2020 AGM, rounded down to the nearest hundred shares, and any residual balance will be settled in cash.

The aggregate amount of Directors' fees paid to the non-executive Directors for FY2019-20 was S$1,161,667.50 (breakdown given below), after taking into account the voluntary 15% reduction in Directors' fees effective from 1 March 2020. The non-executive Directors did not receive any salary, performance-related income/bonuses, benefits in kind, stock options, share-based awards (other than as disclosed above) or other long-term incentives for FY2019-20.

Details on the Directors' fees paid for FY2019-20, date of first appointment to the Board, date of last re-election, membership on Board Committees and attendance at Board and Board Committee meetings and at the last AGM are set out below.

Name of Director	Date of first appointment to the Board	Date of last re-election to the Board	Board Meeting (including BSM)	Board Committee Meetings					AGM 2019	Total Directors' fees for FY2019-20 (SGD)
			Attendance rate (1 April 2019 to 31 March 2020)							
			BOD[(1)]	NC[(2)]	EXCO[(3)]	AC[(4)]	BRSC[(5)]	RHRC[(6)]		
			No. of meetings held (1 April 2019 to 31 March 2020)							
			6	3	5	5	5	3		
a) Executive Director										
Mr Alex Hungate	27 Jul 2011	19 Jul 2018	6	–	5	–	–	–	1	No Fee*
b) Non-Executive and Independent Director										
Ms Euleen Goh	1 Aug 2013 (Director) 19 Jul 2016 (Chairman)	18 Jul 2019	6	3	5	–	–	3	1	$254,545.00
Mr Achal Agarwal	1 Sep 2016	21 Jul 2017	6	–	4	–	–	2	1	$107,352.50
Mr Chia Kim Huat	15 Mar 2017	21 Jul 2017	6	3	–	–	5	–	1	$109,250.00
Mr Michael Kok	6 Mar 2015	18 Jul 2019	6	–	5	–	–	3	1	$117,692.50
Ms Jenny Lee	25 Jan 2019	18 Jul 2019	6	–	–	–	–	–	1	$67,237.50
Mr Tan Soo Nan	25 Apr 2016	19 Jul 2018	6	–	–	5	5	–	1	$133,375.00
Ms Jessica Tan	17 Apr 2017	21 Jul 2017	6	3	–	5	–	–	1	$119,155.00
Mr Yap Chee Meng	1 Oct 2013	18 Jul 2019	6	–	–	5	5	–	1	$134,362.50
Mr Yap Kim Wah	20 Jul 2016	21 Jul 2017	6	–	–	5	5	–	1	$118,697.50

Notes:
(1) Board of Directors (BOD) meetings included a 2-day Board Strategy Meeting (BSM) held from 16 to 17 May 2019
(2) Nominating Committee (NC)
(3) Board Executive Committee (EXCO)
(4) Audit Committee (AC)
(5) Board Risk and Safety Committee (BRSC)
(6) Remuneration and Human Resource Committee (RHRC)

* No Directors' fees were paid to the PCEO, Mr Alex Hungate.

Board Committees

The Board is supported in its functions by, and has delegated authority to, the following Board Committees which have been established to assist in the discharge of the Board's oversight function, based on written and clearly defined terms of reference:

- Board Executive Committee
- Audit Committee
- Nominating Committee
- Remuneration and Human Resource Committee
- Board Risk and Safety Committee

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The composition of our Board Committees is as follows:

Board Committee	Composition	Members
Board Executive Committee	• Four members • Three out of four (including Chairman) are IDs	• Ms Euleen Goh (Chairman) • Mr Alex Hungate • Mr Achal Agarwal • Mr Michael Kok
Audit Committee	• Four members • All IDs	• Mr Yap Chee Meng (Chairman) • Ms Jessica Tan • Mr Tan Soo Nan • Mr Yap Kim Wah
Nominating Committee	• Three members • All IDs	• Ms Euleen Goh (Chairman) • Mr Chia Kim Huat • Ms Jessica Tan
Remuneration and Human Resource Committee	• Three members • All IDs	• Ms Euleen Goh (Chairman) • Mr Achal Agarwal • Mr Michael Kok
Board Risk and Safety Committee	• Four members • All IDs	• Mr Tan Soo Nan (Chairman) • Mr Chia Kim Huat • Mr Yap Chee Meng • Mr Yap Kim Wah

Board Executive Committee (EXCO)

The EXCO is chaired by Ms Euleen Goh and its members are Mr Alex Hungate, Mr Achal Agarwal and Mr Michael Kok.

Key Responsibilities of the EXCO

The key responsibilities of the EXCO include the following:

- Guide Management on business, strategic and operational issues
- Review and monitor key strategic and legal risks, financial policy and risk appetite limits
- Undertake initial review of the three to five year forecast/business plans and annual capital and operating expenditure budgets for the Group
- Grant initial or final approval (depending on the value) of transactions relating to the acquisition or disposal of businesses, assets or undertakings, joint ventures, mergers, amalgamations or similar corporate transactions
- Establish bank accounts
- Grant powers of attorney
- Affix common seal
- Nominate Board members to SATS' subsidiaries and associated companies

EXCO Meetings

The EXCO is required under its terms of reference to meet at least once in each financial year. The EXCO met five times in FY2019-20. Regular reports are presented at each meeting of the EXCO and matters such as the financial performance of the Group, status of strategy implementation, post investment reviews of significant investments and potential investments are discussed prior to seeking the relevant Board approvals and guidance. The Company Secretary and specific members of the GMB (depending on the topics of discussion to be tabled for presentation or approval at each meeting) are usually invited and are present at the meetings of the EXCO. Minutes of the meetings of the EXCO are forwarded to all Directors for their information. All circular resolutions of the EXCO are brought to the Board for notation at each quarterly Board meeting.

Audit Committee (AC)

The AC is chaired by Mr Yap Chee Meng, and its members are Ms Jessica Tan, Mr Tan Soo Nan and Mr Yap Kim Wah. All the AC members (including the AC Chairman) are independent.

The AC members collectively have extensive experience in finance, accounting, information technology, business strategy, development and analytics, in the aviation industry, in consumer marketing, and in banking, finance and investments. The Board is of the view that the members of the AC have the necessary and appropriate expertise to effectively discharge their duties as AC members.

In particular, at least two members of the AC, (including the AC Chairman), namely, Mr Yap Chee Meng and Mr Tan Soo Nan, have recent and relevant accounting or related financial management expertise or experience.

Mr Yap Chee Meng, the AC Chairman, has extensive and practical accounting and financial management expertise and experience and is well qualified to chair the AC. He was a senior partner of KPMG Singapore, the Chief Operating Officer of KPMG International for the Asia Pacific Region and a member of its Global Executive Team during the period between 1 October 2010 and 30 September 2013. He is a Fellow of the Institute of Singapore Chartered Accountants and the Institute of Chartered Accountants in England and Wales.

With more than 40 years of professional experience in various sectors including banking, finance and investments, Mr Tan Soo Nan has the relevant financial management expertise and extensive experience to discharge his responsibilities as an AC member. He is currently an executive and non-independent director of Raffles Medical Group Ltd and Raffles Health Insurance Pte. Ltd., and an independent director and AC Chairman of Engro Corporation Ltd. He is an Associate of the IFS School of Finance and holds a Bachelor of Business Administration degree from the University of Singapore.

None of the AC members were partners or directors of SATS' existing external auditors within the previous 2 years prior to their appointment to the AC and none of the AC members have any financial interest in SATS' existing external auditors.

Key Responsibilities of the AC

The AC's primary role is to assist the Board with oversight of the integrity of financial statements and on the adequacy and effectiveness of internal controls and risk management systems in relation to financial and tax reporting and other financial and tax related risks and controls. It has explicit authority to investigate any matter within its terms of reference, full access to and co-operation of Management, and full discretion to invite any Director or executive officer to attend its meetings. It also has reasonable resources to discharge its functions.

SATS' internal audit team, and the external auditors, report their findings and recommendations to the AC independently. In particular, should the external auditors, in their review of the Company's year-end financial statements, raise any significant issues which have a material impact on the interim financial statements or financial updates previously announced by the Company, the AC shall bring this to the Board's attention immediately and will also advise the Board if changes are needed to improve the quality of future interim financial statements or financial updates. The external auditors also update and keep the AC informed about relevant changes to accounting standards and issues which have a material impact on the financial statements.

The AC's key responsibilities include the review of:

Financial and Tax Reporting

- Financial statements and financial results announcements/voluntary quarterly business updates for the relevant quarters, including the review of significant reporting issues and judgments
- Revisions/additions/updates to the accounting policies for write-offs, capital expenditure, disposal of assets and investments, and other financial policies
- The assurance from the PCEO and CFO on the financial records and financial statements

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Internal Controls

- Compliance and information technology (financial reporting) risks
- The adequacy and effectiveness of the risk management and internal controls systems regarding financial and tax reporting, accounting and other financial and tax related risks and controls (and other risk and controls as delegated by the Board), at least annually
- The Board's Risk Management and Internal Controls Statement in conjunction with the Board Risk and Safety Committee
- The policy and arrangements by which our employees and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters in order for such concerns to be independently investigated and appropriately followed up on
- Significant matters raised through the whistle-blowing channel
- Any suspected fraud or irregularity or suspected infringement of any Singapore law, rule or regulation of which the AC is aware, which has or is likely to have a material impact on our operating results or financial position, and the findings of any internal investigations and Management's response thereto

External Audit

- The external audit plan, the external auditors' management letter, the scope and results of the external audit and Management's response
- The quality of the work carried out by the external auditors and the basis of such assessment, such as the use of ACRA's Audit Quality Indicators Disclosure Framework
- The assistance given by the executive officers of the Group and the Company Secretary to the external auditors
- The adequacy, effectiveness and independence of the external auditors
- The appointment, re-appointment or removal of the external auditors after evaluating their performance (taking into consideration ACRA's Audit Quality Indicators Disclosure Framework), the audit fee and terms of engagement, and making recommendation to the Board on the proposal to shareholders for the selection of external auditors

Internal Audit

- The adequacy of resources for the internal audit function and that it is staffed with persons with the relevant qualifications and experience and complies with the standards set by nationally or internationally recognised professional bodies, ensuring the appropriate standing of the internal audit function within SATS and its primary line of reporting to the AC
- The adequacy, effectiveness, independence, scope and results of the internal audit function, audit programme and the internal audit charter, including making recommendations to the Board on establishing an adequate, effective and independent internal audit function
- The hiring, removal, evaluation and compensation of the Head of Internal Audit
- Major findings on internal audit during the year and Management's responses thereto, difficulties encountered during the course of the audit, significant changes to the audit programme and compliance with relevant professional internal audit standards

Interested Person Transactions

- Interested person transactions as required under the Listing Manual of the SGX-ST and our mandate for interested person transactions

The AC is also tasked to perform all other functions and responsibilities of an audit committee that may be imposed by the Companies Act, the Listing Manual of the SGX-ST, the 2018 Code and other relevant laws and regulations, and reports to the Board on how it has discharged its responsibilities and whether it was able to discharge its duties independently.

During the year, the AC reviewed the Group's financial statements before the announcement of the quarterly and full-year results. In the process, it reviewed the key areas of management judgment, critical accounting policies, and any significant changes that would have a material impact on the financial statements.

The Key Audit Matters are set out below:

Key Audit Matters (KAM)	AC commentary on the KAMs, how the matters were reviewed and what decisions were taken
Impairment of goodwill	The AC reviewed the outcomes of the goodwill impairment process and discussed the details of the review with Management, focusing on the key assumptions applied in the determination of the value-in-use of the cash generating units (CGUs). The value in use is highly dependent on the duration and severity of economy downturn as a result of the COVID-19 pandemic and the recovery assumptions of the pandemic. AC has also reviewed publicly available aviation industry reports relating to the impact the COVID-19 pandemic has on the global aviation industry, to understand the possible recovery scenarios. The AC considered the findings of the external auditors, including their assessment of the suitability of valuation methodologies and the underlying key assumptions applied in the determination of the value-in-use of the CGUs. The AC was satisfied with the impairment review process, the approach and methodology used and the assessment that no impairment of goodwill was required at this time.
Impairment of associates and joint ventures	The AC considered Management's approach and methodology applied to the impairment of associates and joint ventures, focusing on those with indicators of impairment and the key assumptions used in the determination of their value-in-use, including the macroeconomic outlook and other key drivers of cash flow projections. The value in use is highly dependent on the duration and severity of economy downturn as a result of the COVID-19 pandemic and the recovery assumptions of the pandemic. In view of the COVID-19 pandemic, AC also considered recent analyst market reports to obtain an understanding of the actual growth rates and outlook of the industries in which the CGUs operate, including the impact the COVID-19 pandemic has on the global aviation industry, to understand the possible recovery scenarios. The AC was periodically briefed on the developments in the key associates and joint ventures. The AC received detailed reporting from the external auditors on their assessment of the value-in-use of the associates and joint ventures with indicators of impairment. The AC was satisfied with the impairment review process, the approach and methodology used, and the assessment that S$11.9 million of impairment charge relating to associates and joint ventures was required at this time.
Accounting for business combinations	The AC reviewed Management's processes for the review and determination of the accounting for its business combinations, including the treatment of contingent consideration and goodwill where significant estimates and judgments were involved. The AC was regularly briefed on Management's plans for its investments and divestments. The AC considered the findings of the external auditors in relation to the accounting for business combinations. The AC was satisfied with the accounting and disclosures in the financial statements for the Group's investments and divestments.

AC Meetings

The AC is required under its terms of reference to meet at least four times a year. The AC met five times in FY2019-20.

The AC meets with the external auditors and with the internal auditors, in each case without the presence of Management, at least annually.

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Review of Independence and Objectivity of External Auditors

The AC reviews the independence and objectivity of the external auditors annually, taking into consideration the requirements under the Accountants Act, Chapter 2 of Singapore. It has also reviewed the nature and volume of non-audit services provided by the external auditors to the Group during FY2019-20, KPMG LLP, and the fees, expenses and emoluments paid or made to them, and is satisfied that they have no significant impact on the independence and objectivity of the external auditors. The total fees payable to KPMG LLP for FY2019-20, and the breakdown of fees for audit and non-audit services, are as follows:

Fees for FY2019-20	S$(m)
For audit services	0.9
For non-audit services	0.2
Total	1.1

At the recommendation of the AC and as approved by the Board, the re-appointment of KPMG LLP as the external auditors is subject to shareholders' approval at the forthcoming AGM. In compliance with the requirements of Rule 713 of the Listing Manual of the SGX-ST, a different audit engagement partner from KPMG LLP has been assigned to the SATS Group for FY2020-21.

The Company has complied with Rule 712 and Rule 715 of the Listing Manual of the SGX-ST in relation to its auditing firms.

Accountability

With respect to FY2019-20, shareholders were presented with the quarterly and full-year financial results respectively within 45 days of the end of the quarter and 60 days of the end of the financial year. Through the release of its financial results, the Board aims to present the shareholders with a balanced and understandable assessment of SATS' performance, position and prospects. As stated above, following amendments to the Listing Manual of the SGX-ST effective 7 February 2020, the Company will adopt half-yearly reporting of its financial results from FY2020-21 onwards. However, in order to provide shareholders with a better understanding of the Company's performance in the context of the current business environment, the Company's plan is to provide voluntary quarterly business updates containing meaningful and relevant financial and non-financial information on the Company's performance for the first and third quarters of each financial year. These voluntary quarterly business updates will include a discussion of the significant factors that affected the Company's interim performance and relevant market trends including the risks and opportunities that may have a material impact on the Company's prospects.

The Company has in place a process to support Management's representations to the Board on the integrity of the Group's financial statements and internal control systems in relation to the requirement under the Listing Manual of the SGX-ST for the Board to issue a negative assurance statement that accompanies the Company's announcement of its financial statements.

Monthly management accounts of the Group (covering, *inter alia*, consolidated unaudited profit and loss accounts, consolidated balance sheet and explanatory notes explaining any variance) are circulated to the Board for their information.

Independent Internal Audit Function

The Group's Internal Audit Department's (IAD) objectives, scope of authority and responsibilities are defined in the Group's Internal Audit Charter, which is approved by the AC. The AC is satisfied that IAD is adequately resourced, effective and independent of the activities it audits. IAD does not undertake any operational responsibility or authority over any of the activities within its audit scope.

IAD serves to provide the AC with reasonable assurance that the Group maintains adequate and effective internal controls and risk management systems, through assessing the design and operating effectiveness of key internal controls and procedures that govern key business processes and risks identified in the overall risk framework of the Group.

IAD adopts a risk-based approach in formulating the annual internal audit plan that aligns its activities to the key risk areas across the Group. The annual audit plan is developed based on a documented risk and control assessment framework, which considers inherent risk and control effectiveness of each auditable entity or process in the Group, and includes consideration of inputs and expectations from Management and the Board. Audit projects are planned based on the results of the assessment, with priority given to auditing higher risk areas.

The annual internal audit plan is reviewed and approved by the AC. The AC conducts an annual review of the adequacy, effectiveness, independence, scope and results of the internal audit function and ensures that IAD has appropriate standing within the Group to perform its function effectively.

Audit reports containing identified issues and corrective action plans are reported to the AC and Senior Management. Progress of the corrective action plans is monitored and past due action plans are included in regular reports to Senior Management and the AC. IAD works closely with the external auditors to coordinate audit efforts and updates the external auditors of all relevant audit matters.

IAD is headed by Vice President, Internal Audit, and staffed by suitably qualified and experienced executives. Internal auditors report to the Head of Internal Audit, who reports functionally to the AC. In the execution of its audit activities, IAD is authorised to obtain the assistance of specialist or specialised services (such as technology audits) from within or outside the organisation or to outsource audit projects to reputable firms with project-appropriate resources and specialised skills. In situations where the audit work to be carried out by IAD may potentially give rise to conflicts of interest, it will be brought to the attention of the AC. The AC may authorise such audit work to be carried out by an independent third party as it deems appropriate.

Under the Group's Internal Audit Charter, IAD has full access to the AC and unrestricted access to all the Group's documents, records, properties and personnel. Restrictions to these accesses imposed by any employee or management of the Group, which prevents IAD from performing its duties, will be reported immediately to PCEO or directly to the AC, based on circumstances as determined by the Head of Internal Audit.

IAD is a corporate member of the Singapore chapter of the Institute of Internal Auditors (IIA). It is guided by the Standards for the Professional Practice of Internal Auditing set by the IIA. Training and development opportunities are provided for IAD staff to ensure their technical knowledge and skill sets remain current and relevant. Support is also given to IAD staff to achieve and maintain their certification and relevant professional accreditations (e.g. Certified Internal Auditor, Certified Fraud Examiner, Certified Information Systems Auditor and Chartered Accountants, etc.). A structured programme is in place for professional service providers engaged by the Group to regularly share their knowledge and expertise with IAD staff. IAD staff also attend external trainings and seminars conducted by reputable public accounting and auditing firms, and professional associations such as IIA, Association of Certified Fraud Examiners, Institute of Singapore Chartered Accounts, Singapore Accountancy Commission and ISACA.

Review of Interested Person Transactions

The Group has established policies and procedures for reviewing and approving interested person transactions in accordance with the general mandate from shareholders that such transactions are made on normal commercial terms and will not be prejudicial to the interests of SATS and its minority shareholders.

The Group also complies with the provisions on interested person transactions under the Listing Manual of the SGX-ST.

Corporate Governance Report

Nominating Committee (NC)

The NC is chaired by Ms Euleen Goh, and its members are Ms Jessica Tan and Mr Chia Kim Huat. All of the NC members (including the NC Chairman) are independent.

Key Responsibilities of the NC

The key responsibilities of the NC include the following:

- Implement and monitor the Board Diversity Policy and review and make recommendations to the Board on the diversity of skills, experience, gender, age, knowledge, size and composition of the Board
- Make recommendations to the Board regarding the process for identification and selection of new Directors, including recommending Directors for appointment to the Board Committees
- Make recommendations to the Board on re-nominations and re-appointments of existing Directors
- Review and make recommendations to the Board on succession planning for Board and Board Committee members, including for the Chairman of the Board and the Chairmen of the respective Board Committees
- Evaluate the independence of Directors on an annual basis, and as and when circumstances require
- Determine if Directors are able to and have been adequately carrying out their duties as Directors of SATS, especially those who hold other listed company directorships and principal commitments
- Make recommendations to the Board on the evaluation process and the objective performance criteria, and develop and carry out the process, for assessing the effectiveness of the Board as a whole and the effectiveness of the Board Committees, and assessing the contributions made by the Chairman and each individual Director of the Board. The assessment of each individual Director's contribution to the effectiveness of the Board is a joint responsibility of the NC Chairman and the Board Chairman
- Review and make recommendations to the Board on the training and professional development programmes for the Board and its Directors, and ensuring that new Directors are aware of their duties and obligations
- Save as otherwise disclosed below, such other authorities and duties as provided in the 2018 Code

Under Provision 4.1(a) of the 2018 Code, one of the responsibilities of the NC is to make recommendations to the Board on relevant matters relating to the review of succession plans for the CEO and key management personnel. This function is, however, under the purview of our Remuneration and Human Resource Committee (RHRC) instead of our NC. Any recommendations made by the RHRC on the review of succession plans for the PCEO and Relevant Key Management Personnel[1] will be presented to the Board for approval. Such an arrangement allows the RHRC to consider succession planning holistically with other human resource related issues such as remuneration and talent retention and recruitment. Further, the undertaking of the review of succession plans for the PCEO and Relevant Key Management Personnel by the RHRC instead of the NC does not detract from the underlying principle that there should be a formal and transparent process for the appointment of the PCEO and the Relevant Key Management Personnel. Both the NC and RHRC consist entirely of non-executive independent Directors.

NC Meetings

The NC met three times in FY2019-20, which exceeded the requirement under its terms of reference. The NC terms of reference requires the NC to meet at least once a year.

Review of Board Composition and Size

The Board, through the NC, reviews the diversity of skills, experience, gender, age, knowledge, size and composition of the Board. The NC has developed a set of principles to guide it in carrying out its responsibilities of reviewing and determining an appropriate Board size and composition, and implements and monitors the Board Diversity Policy. The NC reviews the composition of the Board to ensure that the Board comprises Directors who as a group provide core competencies, in areas such as accounting, finance, legal, supply chain management and logistics, branding, business, management (including human capital development and management) experience, industry knowledge, technology, strategic planning experience, and customer-based experience/knowledge, required for the Board to be effective.

[1] Relevant Key Management Personnel in this context are the PCEO and his direct reports.

The Board, in concurrence with the NC, is of the view that, taking into account the nature and scope of our operations, the requirements of our businesses and to facilitate effective decision-making, the appropriate size of the Board should range from eight to twelve members, with independent Directors making up at least one-third of the Board. No individual or small groups of individuals dominate the Board's decision-making.

No alternate Directors were appointed during FY2019-20. The Board will generally avoid approving the appointment of alternate Directors, in line with the principle that Directors must be able to commit time to SATS' affairs. The Board believes that alternate Directors should only be appointed in exceptional circumstances, and will generally not approve the appointment of alternate Directors for independent Directors.

Each Director brings to the Board a myriad of technical, professional, business and geographical experience and competencies to SATS, as can be seen from the chart on "Directors' Expertise and Experience Matrix" set out above. The NC, when sourcing and identifying suitable candidates for the Board, aims to ensure that the Board has an appropriate balance and diversity of skills, experience and knowledge in setting the overall business strategies and directions of the Company and its group of companies as well as providing guidance to the Management. The current Directors' Expertise and Experience Matrix reflects that the Directors have the expertise in the requisite areas identified by the Board as described under the heading "Board Composition" above.

Selection and Appointment of New Directors

The NC regularly reviews the existing attributes and competencies of the Board in order to determine the desired experience or expertise required to strengthen or supplement the Board, taking into consideration the composition and the need for progressive renewal of the Board. A Directors' Experience and Expertise Matrix is prepared, which provides an overview of the Directors' experience and expertise and serves as a guide for the NC when sourcing and identifying suitable candidates for the Board.

The NC is in charge of making recommendations to the Board regarding the identification and selection of new Directors. Taking into consideration the desired qualifications, skill sets, competencies and experience which are required to supplement the Board's existing attributes, if need be, the NC may seek assistance from external search consultants for the selection of potential candidates. No external search consultant was engaged during FY2019-20. Directors and Management may also put forward names of potential candidates, together with their curriculum vitae, for consideration. The NC, together with the Chairman of the Board, then meet with the short-listed candidates to assess their suitability, before submitting the appropriate recommendations as to the appointment of any candidate to the Board for its approval.

Review of Directors' Independence

The NC is tasked to determine on an annual basis, and as and when circumstances require, whether or not a Director is independent, having regard to the definition of an "independent Director" and guidance as to the types of relationships which would deem a Director not to be independent, under the Listing Manual of the SGX-ST, the 2018 Code and its accompanying Practice Guidance.

Under the 2018 Code, an "independent Director" is one who is independent in conduct, character and judgement, and has no relationship with SATS, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement with a view to the best interests of SATS. Under the Listing Manual of the SGX-ST, a Director will not be independent if he is employed or has been employed by SATS or any of its related corporations in the current or any of the past three financial years, or if he has an immediate family member who is employed or has been employed by SATS or any of it related corporations in the current or any of the past three financial years, and whose remuneration is or was determined by the Remuneration and Human Resource Committee.

The Directors complete an annual confirmation of independence, whereby they are required to critically assess their independence, which the NC takes into account for the purposes of this review. The Directors are mindful, however, that the relationships identified in the annual confirmation of independence are only indicators of possible situations where independent judgment may be impaired, but are not in themselves conclusive. Independence is often only meaningful in the context of each particular relationship considering the business environment, shareholding, organisational structure and operating constraints. Directors also disclose any relationship with SATS, its related corporations, its substantial shareholders or its officers which may affect their independence, as and when they arise.

The NC and the Board have determined that the independent Directors are Ms Euleen Goh, Mr Achal Agarwal, Mr Chia Kim Huat, Mr Michael Kok, Ms Jenny Lee, Ms Jessica Tan, Mr Tan Soo Nan, Mr Yap Chee Meng and Mr Yap Kim Wah.

Corporate Governance Report

Some of our Directors are board members or executive officers of organisations that provide or receive services to or from the SATS Group in the ordinary course of business and on normal commercial terms. These transactions were entered into based on merit and competitive terms negotiated by Management, and the relevant Directors were not involved in the process for, or approval of, the transactions. These Directors have also confirmed that they were not involved in the decision by the relevant organisations to enter into the transactions with the SATS Group. The NC and the Board considered the conduct of each such Director in the discharge of their duties and responsibilities as Directors of SATS, and are of the view that the foregoing relationships did not impair their ability to act with independent judgment in the discharge of their duties and responsibilities as SATS Directors. On this basis, the Board, taking into account the views of the NC, arrived at the determination that each such Director is independent. The relevant Directors recused themselves from the Board's and (where applicable) the NC's deliberations on their own independence.

Mr Alex Hungate is the PCEO, and is the only executive Director on the Board. He is thus a non-independent Director. The nature of our business and operations merit the continuity of an executive Director on the Board to provide independent Directors with the requisite background and knowledge to facilitate their independent judgment and decision-making.

Review of Directors' Time Commitments

The NC determines annually whether a Director has been adequately carrying out his duties as a Director of SATS, taking into consideration the number of that Director's other listed company board representations and other principal commitments. The NC is of the view that the number of each Director's other directorships was in line with our internal guideline that the maximum number of listed company board representations which any non-executive Director may hold should not be more than six. Having regard to each Director's attendance record for Board and, where applicable, Board Committee meetings, and his or her ability to contribute effectively thereat, the NC is of the view that each Director has been able to effectively discharge his duties as a Director of SATS, and is satisfied that Directors who hold multiple board representations nevertheless devote sufficient time and attention to SATS's affairs. In particular, the NC reviewed the Directors' time commitments in FY2019-20, and the NC and the Board noted that notwithstanding the number of other non-listed directorships that Ms Jenny Lee holds, she has been able to attend all Board meetings and has contributed to the discussions at such meetings. The NC and the Board noted that she has also assisted Management, in addition to Board meetings, on strategic discussions covering areas such as digital ventures and investments in China.

The role of the Chairman, in particular, requires significant time commitment. As Chairman, Ms Euleen Goh plays a crucial role as she is required to provide leadership to the Board and to ensure that the Board plays a full and constructive part in the development and determination of the Group's strategies, objectives and growth. Although Ms Goh also currently serves on the boards of two other listed companies, the NC and the Board (each, without Ms Goh's participation) were of the view that she has managed her other time commitments appropriately and has enough capacity to discharge her obligations as our Chairman. This was reflected in her full attendance of all relevant meetings and the time spent in the conduct of her various duties as outlined in this Corporate Governance Report.

During FY2019-20, except for Mr Achal Agarwal who attended all Board and relevant Board Committee meetings save for one EXCO meeting and one RHRC meeting, the rest of the Directors achieved full attendance for Board and Board Committee meetings held during their respective tenures as Directors and (where applicable) Board Committee members. The meeting attendance records of all Directors, their list of directorships and other principal commitments are fully disclosed in our Annual Report.

Assessment of Board Performance

The Board, with the assistance of the NC, has approved the objective performance criteria and implemented a process for assessing the effectiveness of the Board as a whole and its Board Committees, and for assessing the contributions by the Chairman and each individual Director of the Board.

The NC assesses each individual Director's contribution to the effectiveness of the Board annually and as and when required.

Assessment of Board and Board Committees and individual Director's performance is carried out annually through evaluation questionnaires. In FY2019-20, Egon Zehnder (an independent global management consulting firm with no other connection with SATS or any of the Directors) was engaged to assist in the collation and analysis of the evaluation questionnaires sent to Directors and selected members of Senior Management, and to conduct interviews with such Directors and selected members of Senior Management to obtain open and frank feedback regarding the Board's performance.

The questionnaire sent to Directors has evaluations on the Board and Board Committees, on peer performance, and on self-assessment on independence. Issues such as Board composition, Board independence, Board dynamics and culture, Board processes, information management, investor relations and corporate social responsibility, oversight of strategy and performance, support and recognition of Management, effectiveness of the Board in fulfilling its role of creating and delivering sustainable value to shareholders (while also keeping other stakeholders' interests in balance), benchmarking with industry peers, effectiveness of Board Committees, PCEO performance and succession planning, Directors' development and management and risk management are covered. For the peer evaluation contained in such questionnaire, the Directors are encouraged to provide comments about the contribution of their peers, the objective of which is to show whether each Director has demonstrated his or her willingness and ability to constructively challenge and contribute effectively to the Board, and his or her commitment to his or her roles on the Board.

The questionnaire sent to selected members of Senior Management has evaluations on Board composition, Board and Management team dynamics and culture (including whether the Board is supportive of and gives appropriate recognition to Management, whether the Board respects the division of responsibilities between itself and Management, and whether the Board has introduced sufficient measures to create and deliver long term and sustainable value to shareholders while also taking into account the interest of material stakeholders), Board leadership and oversight of strategy and performance (including whether the Directors understand the Company's business and challenges, and how the Board brings value to the Management team), and effectiveness of Board Committees (including whether they perceive the relevant Board Committees as having fulfilled their responsibilities as set out in their terms of reference).

The results from the questionnaires and the feedback obtained from the Directors and the selected members of Senior Management were collated by Egon Zehnder and shared with the Board Chairman and the NC members, and subsequently with the entire Board. Based on the feedback received from the Directors and selected members of Senior Management, the following aspects of the Board stood out:

- The Board benchmarks very well against Singapore and international peers, with a strong focus on both governance and growth
- The Board is effective, well-functioning and takes its responsibility as steward of the Group very seriously, and its members are engaged, committed and bring a range of different strengths and experiences in service of the Group
- Board dynamics and culture are characterised by robust and generally productive challenge, single-minded focus on the Company's interests, polite relationships amongst Board members and respect for one another's contributions

The Board Chairman held discussions with each individual Director on any concerns which the Director might have, provided him or her with feedback on his or her performance, and also sought his or her feedback on the Chairman's own performance. The Board discussed the findings of the evaluation and agreed to follow-up on proposed action items.

Orientation and Training for Directors

The NC exercises oversight on the orientation, training and professional development of Directors.

We have a formal and structured orientation framework. Newly-appointed Directors undergo a two-day familiarisation exercise whereby they undergo a comprehensive and tailored programme, including visits to major businesses and joint ventures, site visits to the kitchens, apron and cargo terminals, abattoirs, etc., as well as presentations by members of Management, to facilitate the Directors' understanding of the Group's objectives, strategic plans, businesses, operations and processes. Each of the newly-appointed Directors is also sent a formal appointment letter setting out their roles, duties, obligations and responsibilities, and requesting the Director to sign the prescribed undertaking to use his best endeavours to comply with the requirements of the Listing Manual of the SGX-ST. External legal counsel may also be engaged to conduct briefing sessions for newly-appointed Directors on the roles and responsibilities of a Singapore listed company director.

Corporate Governance Report

Copies of the minutes of immediate past Board and Board Committee meetings are made available on the online portal. They are also provided with other materials relating to the Board and Board Committees, including the terms of reference of the various Board Committees on which they are appointed as well as relevant guidelines and policies.

A new Director who has no prior experience as a director of an issuer listed on the SGX-ST must also undergo mandatory training in his roles and responsibilities as prescribed by the SGX-ST, unless the NC is of the view that training is not required because he has other relevant experience, in which case the basis of its assessment will be disclosed.

The Directors are provided with continuing education particularly on relevant new laws, regulations and changing commercial risks. They are briefed by the Company Secretary in areas such as directors' duties and responsibilities under the Companies Act, Listing Manual of the SGX-ST, Securities and Futures Act, etc. to enable them to carry out their statutory and fiduciary duties as well as to update and refresh them on matters that may affect and/or enhance their performance as Board members.

As part of the Directors' ongoing training, Directors are encouraged to attend training, conferences, courses and seminars conducted by external organisations such as the Singapore Institute of Directors and Temasek Management Services Pte. Ltd. on corporate governance, leadership and industry-related subjects. The registration process is facilitated by SATS and the course fees are borne by SATS. Workshops and seminars attended by some of the Directors during FY2019-20 included "Financial Reporting: Fraud in China" and "Cyber Security for Directors".

During FY2019-20, the Directors also visited our kitchens in China located at Kunshan and Nanjing on 16 May 2019 to understand the production processes. At Kunshan Kitchen, the Directors visited the hot kitchen, salad production line and Disneyland bento production line whilst at Nanjing Kitchen, the Directors visited the inflight snacks production lines.

Review of Board Tenure

The NC reviews the tenure of the non-executive Directors. With effect from FY2010-11, newly appointed non-executive Directors are appointed to serve an initial term of three years and such initial term of office may be renewed for subsequent terms upon the recommendation of NC and as approved by the Board.

Rotation and Re-election of Directors

The NC reviews and recommends to the Board the rotation and re-election of Directors at the AGM, taking into consideration the composition and the need for progressive renewal of the Board.

One-third (or the number nearest one-third rounded upwards to the next whole number) of the Directors are required to retire from office at each AGM. All Directors (including the PCEO) are required to retire from office at least once every three years. Retiring Directors are eligible for re-election. All new Directors appointed by the Board during the financial year hold office only until the next AGM, but will be eligible for re-appointment at that AGM.

The Directors who are retiring by rotation under Article 90 of the Constitution of the Company and standing for re-election at the forthcoming AGM are Mr Yap Kim Wah, Mr Achal Agarwal, Mr Chia Kim Huat and Ms Jessica Tan. The NC (after having taken into consideration the principles for the determination of the Board size and composition adopted by it and the duration of their appointments to the Board) recommends their re-election as Directors, after assessing their competencies, commitment, contribution and performance (including attendance, preparedness, participation and candor) including his or her performance as an independent Director, and the Board has endorsed the recommendation.

Remuneration and Human Resource Committee (RHRC)

The RHRC is chaired by Ms Euleen Goh, and its members are Mr Achal Agarwal and Mr Michael Kok. All of the RHRC members (including the RHRC Chairman) are independent Directors.

The RHRC has access to expert advice from external consultants on remuneration. In FY2019-20, the RHRC sought views on market practices and trends from two external consultants, Aon Hewitt and Willis Tower Watson on top management compensation. The RHRC undertook a review of the independence and objectivity of the external consultants through discussions with them and was satisfied that the external consultants have no relationships with the Company that would affect their independence and objectivity.

Key Responsibilities of the RHRC

The RHRC plays an important role in helping to ensure that we are able to attract, recruit, motivate and retain the best talents through competitive remuneration and progressive policies such as pay-for-performance so as to achieve the Group's goals, provide good stewardship and deliver sustainable shareholder value. Its key responsibilities include:

- Reviewing and recommending the remuneration framework of the Company (including compensation structure, bonus and employee share plans) to the Board for endorsement
- Reviewing and recommending the specific remuneration packages for each Director, the PCEO and each Relevant Key Management Personnel, to the Board for endorsement
- Overseeing the terms of appointment and scope of duties of the PCEO and other Relevant Key Management Personnel, including succession planning for their roles
- Evaluating on an annual basis, the achievement of performance targets for each Relevant Key Management Personnel as agreed at the beginning of the financial year with the Board and/or the PCEO, as the case may be
- Reviewing and approving compensation payable to the PCEO and the Relevant Key Management Personnel in the event of early termination of their contracts of services, if such payment is considered appropriate in the circumstances by the RHRC
- Advising on the organisation structure to drive the Company's strategic growth
- Reviewing succession planning for Relevant Key Management Personnel including the PCEO position and other selected key positions, with the PCEO, taking into account current needs and future strategic capabilities. The RHRC had various succession planning discussions over the financial year with the Board
- Reviewing talent development framework and processes to build deep bench strength and a strong talent pipeline
- Carrying out such other authorities and duties as provided in the 2018 Code

In discharging its responsibilities, the RHRC considers all aspects of remuneration and performs benchmarking against comparable organisations, to ensure that all aspects of remuneration (including termination terms) are fair and competitive.

The RHRC's recommendations regarding remuneration of the PCEO, Relevant Key Management Personnel and non-executive Directors have been submitted to and endorsed by the Board, which is ultimately accountable for all remuneration decisions.

RHRC Meetings

The RHRC is required by its terms of reference to meet at least twice each financial year, with additional meetings to be convened as and when required. The RHRC convened three meetings in FY2019-20.

Key Executives' Remuneration

The Company's key executives' remuneration framework is designed to link a significant and appropriate proportion of rewards to the Company and individual performance, and takes into consideration the risk policies of the Company so as to be symmetric with risk outcomes and sensitive to the time horizon of risks. The framework aligns key executives compensation with the interests of shareholders, balancing between short-term and long-term business interests and sustainability, as defined within the Company's strategy and risk policies.

Remuneration Mix for Key Executives

The principle of remuneration starts with the compensation mix – fixed pay, variable bonus and long-term incentive. Such direct compensation in cash or SATS shares, together with benefits and provident for social security where applicable, make up total remuneration.

Corporate Governance Report

Total direct compensation and its respective remuneration components' pay-out are symmetric with Company and individual performance over time. These remuneration components, in turn, consist of remuneration vehicles separately targeting and moderating pay-outs contingent on short and long term shareholder interest and business sustainability. The eligibility, granting and payout conditions for each vehicle differ. Overall remuneration components and types are summarised below:

		Remuneration Components	Remuneration Vehicle
Total Remuneration	Total Direct Compensation	Fixed Pay	Basic Salary
			Annual Wage Supplement
			Cash Allowances
		Variable Bonus	Performance Bonus
			Economic Value Added (with claw back mechanism)
		Long-Term Incentive	Restricted Share Plan
			Performance Share Plan
	Benefits & Provident		

Benchmarking and Target Pay Positioning

A target fixed pay for each key executive position is benchmarked to the market, ensuring market responsiveness to position job worth. Individuals are paid relative to their target pay position determined by their performance and competencies against expectations of the position. At the total direct compensation level, individuals' annualised pay-out is benchmarked to the market to reflect individual and Company performance. Benefit policies are benchmarked and assessed separately based on competitiveness and prevalence of provision in the market.

Fixed Pay

This consists of basic salary, annual wage supplement (AWS) and cash allowances.

Variable Bonus

This comprises Performance Bonus (PB) and Economic Value Added (EVA).

(a) Performance Bonus

PB rewards annual financial and operating achievements at the Group, Company and individual level. Target levels across each of the following Key Performance Indicators (KPI) are determined at the beginning of each financial year and are cascaded down. The following KPIs are allocated with equal weightage:

- SATS Group PATMI
- SATS Company's Operating Profit
- SATS Company's Operational Performance Scorecard

For key Senior Management[2], an individual Performance Scorecard comprising the following quantitative and qualitative targets are used: Financial and Business, Customer, People and Strategic Transformation Objectives. In determining the payout quantum for each Relevant Key Management Personnel, the RHRC considers the overall actual achievement against Group, business unit and individual performance scorecard.

After the close of the financial year, the RHRC reviews and approves a bonus pool that is commensurate with the achievements against targets, taking into consideration exogenous factors such as the changing business environment, regulatory landscape and industry trends.

For individuals in control functions, performance targets are principally based on the achievement of the objectives of their functions.

(b) Economic Value Added – based Incentive Plan (EBIP)

The EBIP rewards for sustainable shareholder value creation over the medium term achieved by growing profits, deploying capital efficiently and managing the risk profile and risk time horizon of the business. A portion of the annual performance-related bonus of key executives is tied to the EVA achieved by the Group in the year. Under the plan, one-third of the accumulated EBIP bonus, comprising the EBIP declared in the financial year and the balance of such bonus brought forward from preceding years (which comprises multiple years of incentive dollar retained in the EVA bank), is paid out in cash each year. The remaining two-thirds are carried forward in the individual executive's EBIP account and at risk as it is subject to performance-related clawback and could be reduced in the event of EVA underperformance in future years. This mechanism encourages key executives to work for sustainable EVA generation and to adopt strategies that are aligned with the long-term interests of the Group.

The rules of the EBIP are subject to review by the RHRC, which has the discretion, under authority of the Board, to amend the rules where appropriate and relevant to the business conditions.

Long-term Incentives

Long-term incentives reward for long-term shareholder value creation, contingent on Group and Company financial and operating achievements, individual performance level, Total Shareholder Returns (TSR) and Transformation KPIs. SATS provisionally grants employees of managerial grade and above in the Company, including key executives, via the SATS Restricted Share Plan and the SATS Performance Share Plan. When performance conditions are met, vested share awards make employees regular shareholders.

(a) The SATS Restricted Share Plan (SATS RSP)

The SATS RSP is an incentive plan for management level employees. Under the plan, a specified number of shares to be granted at the end of the performance cycle will depend on individual position level, and the extent of the achievement of the financial and operating achievements at the Group, Company and individual performance level.

Performance period and performance conditions are required for the financial year preceding each tranche of payment. The first tranche of the award will vest immediately after the end of the performance period and the remaining balance will vest equally over the next two financial years.

Grants of fully paid shares under the SATS RSP may also be made to the non-executive Directors in lieu of part of the cash amount of their Directors' remuneration. Such grants will have no performance conditions attached and no vesting periods imposed.

(b) The SATS Performance Share Plan (SATS PSP)

Under the SATS PSP, an initial award is made in the form of a right to receive shares, provided TSR and other performance targets are met in the future. Annual awards are made based on performance of key senior executives. The final award, which can vary between 0-150% of the initial award, depends on stretched value-aligned performance targets. They are based on absolute TSR and Transformation KPIs targets being met over the performance period of three financial years.

[2] Senior Management are employees holding the rank of Senior Vice President and above.

Corporate Governance Report

In FY2019-20, a total of 1,897,400 shares and 700,000 shares have been granted under the SATS RSP and PSP respectively.

Since 2006, the Company has phased out the award of employee share options under the Senior Executive Share Option Scheme (one of the two schemes under the SATS Employee Share Option Plan (ESOP) which was adopted by the Company in 2000) as part of the key executives' remuneration framework with effect from FY2007-08. The final grant of share options under the ESOP was made in July 2008.

Details such as the plan description, performance conditions, vesting conditions and payouts under the SATS RSP and SATS PSP are set out in the Annexure below, and also in the Share-Based Payment section of the "Directors' Statement" and in the "Notes to the Financial Statements" in the "Financials" section of this Annual Report.

No termination, retirement or post-employment benefits were granted to Directors, the PCEO or the Relevant Key Management Personnel of the Company (who are not Directors or the PCEO) during FY2019-20.

The aggregate compensation paid to or accrued to the PCEO, the Chief Financial Officer and the Business Heads for FY2019-20 is set out below:

President and Chief Executive Officer (PCEO)	**Salary[2] (S$)**	**Bonuses[3] (S$)**	**Benefits (S$)**	**Total (S$)**	**Award under SATS RSP[4]**	**Award under SATS PSP[4]**
Alex Hungate	1,060,639	1,765,961	128,466	2,955,066	139,500	375,000

Relevant Key Management Personnel	**Remuneration Band[1]**	**Salary[2] (S$) %**	**Bonuses[3] (S$) %**	**Benefits (S$) %**	**Total (S$) %**	**Award under SATS RSP[4]**	**Award under SATS PSP[4]**
Yacoob Bin Ahmed Piperdi	$1,000,001 to $1,250,000	47%	47%	6%	100%	50,000	92,500
Mok Tee Heong Kerry	$1,000,001 to $1,250,000	67%	27%	6%	100%	50,000	92,500
Seah Kok Khong, Manfred	$750,001 to $1,000,000	61%	33%	6%	100%	50,000	92,500
Denis Suresh Kumar Marie	$750,001 to $1,000,000	44%	32%	24%	100%	40,000	75,000
Cheah Chi Choy Donny[5]	$250,001 to $500,000	54%	5%	41%	100%	0	75,000

Notes:

1 Remuneration bands as indicated do not include the value of any awards granted under the SATS RSP and/or SATS PSP.

2 Salary includes AWS and employer's CPF for the year ended 31 March 2020.

3 Variable bonus comprises both actual performance bonus and economic value added (EVA) bonus which were paid out in respect of FY2019-20 Company and individual performance. There was no EVA declared in respect to FY2019-20 Company performance.

4 Denotes the base awards of shares granted under the SATS PSP and SATS RSP. The final number of PSP award will range from 0% to 150% of the initial grant and is contingent on the achievement of pre-determined targets over a three-year performance period. The number of RSP will vest equally over a three-year period.

5 Mr Cheah Chi Choy Donny joined on 19 September 2019.

6 The above table reflects the remuneration of the employees who hold the rank of PCEO, Chief Financial Officer and Business Heads.

The aggregate total compensation paid to the Chief Financial Officer and the Business Heads (who are not also Directors or the PCEO) for FY2019-20 was S$4,329,430.

No immediate family members of any Director or of the PCEO were employed by the Company or any of its related companies during FY2019-20.

Learning and Development Programmes for Employees

The Company's People vision is to engage and develop employees in an open environment of learning and sharing, led by Managers who lead by example. The objectives are to harness the potential of its people and bring out the best in them. To do this, we seek to enhance employee experience and engagement to strengthen their sense of belonging to the organisation, and to maximise employee productivity to help its business grow and thrive.

We have anchored training and development to build a performance driven culture centred around SATS' five core values: Excellence, Safety & Security, Innovation, Trust and Collaboration. SATS is recognised internationally for our ground handling, inflight catering and central kitchen expertise, and our operational know-how and training curriculum is valuable intellectual property. We established SATS Academy in 2018 as the umbrella organisation to consolidate and professionalise this knowledge. Hence, we can accelerate our expansion overseas through deploying standardised programmes.

In anticipation of the changing market landscape and an increase in customer sophistication, SATS invests in employee training and technology to fuel sustainable business growth. In line with our strategy of "Technology-Driven, People-Led", it is critical to have our people on board this journey of change, in order for our investments in technology to be truly fruitful. The success formula we adopt in SATS is "BE – DO – HAVE". We believe that we can only HAVE the business outcome if we develop the "BEING" of each individual to DO their jobs in a committed and purposeful manner. Our leaders work together to define the four leadership principles that aim to build an open organisational culture where every employee embraces the leadership principles in their daily work. The four leadership principles are:

(1) Be outcome-oriented,
(2) Be open-minded,
(3) Be courageous and
(4) Be a servant leader.

Workshops are conducted to bring awareness to our employees of these leadership principles. We continue to work with Capelle Consulting to run the contextualised national program "SkillsFuture for Digital Workplace (SFDW)" and use it as a platform to bring this awareness to all employees in SATS. Employees volunteered to be change champions at Business Units to facilitate the change, and assist fellow colleagues to build ownership needed for making progress, both for themselves and for the organisation. Initiatives such as "Bright Spots" are also put in place to recognise people practicing the principles, as a reminder and reinforcement of our intention in building an open culture.

We believe that a workforce that is well-trained with the necessary competencies coupled with the adaptability to change is the critical success factor to the growth of the business. With these in place, our employees will be able to continue to deliver our SATS brand promise "Passion to Delight" so that we can achieve our mission "to be the first choice provider" and the vision of "feeding and connecting Asia".

Annual Performance Assessment of the PCEO and Succession Plan for the PCEO and Relevant Key Management Personnel

The RHRC reviews the performance of the PCEO and Relevant Key Management Personnel annually and submits its assessment of their performance level to the Board for approval.

SATS firmly believes in grooming our internal talents to take on key management roles, and we have put in place a structured process in talent and succession management.

The RHRC instituted a rigorous process for the PCEO's succession plan and conducted an annual succession planning review of Senior Management and other selected key positions including PCEO, taking into account current needs and future strategic capabilities. An annual discussion is held with the Board to review the potential successors and their corresponding development plan. The potential successors and high performing employees are put through a structured talent development programme based on the development assessment centre methodology.

The RHRC also reviews the talent development framework and processes to build deep bench strength and a strong talent pipeline. Critical jobs are identified and a total of 9 potential successors are identified for each position. Human Capital engages the PCEO and the business leaders to review the list of critical jobs and the potential successors annually based on current and future business needs.

Corporate Governance Report

Board Risk and Safety Committee (BRSC)

The BRSC is chaired by Mr Tan Soo Nan, and its members are Mr Yap Chee Meng, Mr Yap Kim Wah and Mr Chia Kim Huat. All of the BRSC members (including the BRSC Chairman) are independent Directors.

Key Responsibilities of the BRSC

The BRSC oversees and reviews the adequacy and effectiveness of the Group's risk and safety management systems and programmes. Its key responsibilities include review of:

- The Group's operational and information technology risks (including cyber security risks)
- The adequacy of resources for the risk management functions and that they have appropriate standing within the Group
- The risk management policies and practices and the types and level of risks faced by the Group
- The activities of the SATS Group Risk and Safety Committee, which is responsible for putting in place risk management processes and methodologies, identifying risks and instilling mitigation plans, updating risk registers and profiles
- Reports on any material breaches of risk limits and the adequacy of proposed action
- The Board's Risk Management and Internal Controls Statement in conjunction with the Audit Committee
- The Group's safety system and programmes for effectiveness and compliance with regulatory requirements and best industry practices for food safety, workplace safety and health
- The regular reports on safety, initiation of remedial actions and assessment of level of compliance with the safety management plan
- Food safety and accident investigation findings and implementation of recommendations by Management
- The adequacy of insurance coverage for the Group

BRSC Meetings

The BRSC is required by its terms of reference to meet at least four times a year. The BRSC met five times in FY2019-20.

Risk and Safety Management in the Context of COVID-19

The COVID-19 pandemic plagued the travel markets in the last quarter of FY2019-20, bringing tourist and business travel to a virtual standstill and presenting our airline customers with an unprecedented challenge. SATS is adapting its processes and services as the travel industry transitions to the new normal, with priority on passenger and employee safety. Financially, the Group's earnings and operating cashflows faced headwinds from the impact of the pandemic and so the Group is carefully managing its expenditure in this difficult environment and accessing government support where appropriate. To safeguard the health and safety of stakeholders and to alleviate the impact of declining business volumes on financial performance, several control measures were implemented as part of business continuity planning. These measures include re-designation of affected employees, telecommuting, e-Learning, team segregation and staggered working hours to reduce social interactions and safe distancing. Personal protective equipment such as masks, hand sanitisers and gloves, etc. were reviewed regularly to ensure sufficient stock. The Group strengthened its liquidity position through drawing down credit facilities and issuing bonds, in order to position its balance sheet to weather and then emerge strongly from the crisis. The Group will continue to monitor its liquidity position and maintain access to undrawn credit facilities and debt capital markets so as to meet its obligations when they fall due. We also encourage you to read our Sustainability Report to find out more about our response to the pandemic.

Risk Management and Internal Controls Statement

The Board is responsible for risk governance, and for determining the Company's level of risk tolerance and risk appetite. The Board oversees and reviews at least annually the adequacy and effectiveness of the Group's internal controls and risk management system implemented by Management to address risks. This system aims to provide reasonable assurance to investors regarding:

- Safeguarding the Group's assets against unauthorised or improper use or disposal
- Protection against material misstatements or losses
- Maintenance of proper accounting records
- Reliability of financial information used within the business and for publication
- Compliance with appropriate legislations, regulations (including requirements under the listing rules of the SGX-ST) and adoption of applicable corporate governance best practices
- Identification and management of business risks

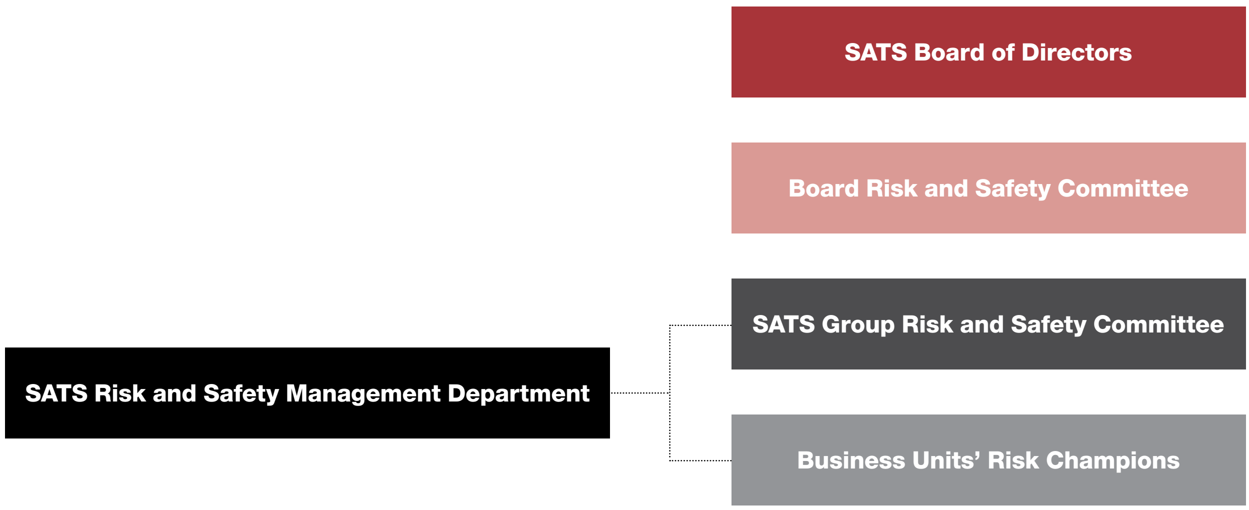
Risk Management Organisational Structure

The BRSC assists the Board in reviewing the adequacy and effectiveness of the systems of safety and risk management. Under its oversight, the safety and risk management programme is executed with an integrated view of the organisation and its needs in mind.

The BRSC is supported by the SATS Group Risk and Safety Committee (SGRSC). The BRSC reviews the activities of the SGRSC, including regular risk management reports, initiatives, processes and exercises. The SGRSC, chaired by the PCEO, meets on a quarterly basis to review the risk management system and mitigation measures.

The Risk and Safety Management Department coordinates and facilitates the risk management processes within the Group. It provides support to the SGRSC in carrying out its functions.

The Group risk management reporting structure is as depicted in the diagram below.



More information on the EXCO, AC and BRSC's composition, authorities, duties and key risk responsibilities can be found in the respective "Board Committees" sub-sections of this Corporate Governance Report.

Risk Management Overview

SATS' risk management process begins with the Board's assessment and approval of the Group's risk appetite statements. This determines the nature and extent of material risks that the Group is willing to take to achieve its strategic and business objectives. Taking the interests of key stakeholders into consideration, SATS' risk appetite clearly denotes the Group's desired risk profile and ensures it is aligned with the Group's strategy and business plans. The Board generally makes its considerations during the first quarter of the financial year and is kept updated on evolving risk trends, issues and Management's corresponding mitigating actions and plans in the course of the year.

Recognising the importance of connecting strategic decision-making and entity performance with risk management to accelerate the Group's growth and value creation, the Group has integrated the Enterprise Risk Management framework with Strategy and Performance to manage the risks involved with investments.

Corporate Governance Report

SATS has three main risk areas – financial, strategic and operational risk.

Category	Risk Areas	What are the risks?
Financial	Credit	Risk of not being able to raise funds due to poor credit rating; unhealthy D/E ratio.
	Credit – Counterparty	Risk of potential financial loss resulting from customer/counterparty/business partners' failure to meet their financial obligations, i.e. default payment.
	Interest Rate	Risk of fluctuations in interest rates which expose the Company to volatility in its financing cost.
	Liquidity	Risk of not being able to finance operations/meet short-term obligations/service finance obligations from maintaining insufficient levels of cash, difficulty in raising funds and/or cash flow fluctuations.
	Foreign Exchange	Risk of unfavourable exchange rate movements of foreign currencies.
Strategic	Talent Attraction	Risk of not being able to attract and develop adequate key personnel and talent with skills, knowledge and expertise to allow proper deployment.
	Talent Retention	Risk of not being able to maintain a working environment which supports current staff in remaining with the Company.
	Market Competition	Risk of competitive forces eroding the Company's market share/negatively impacting the business e.g. suppressed profits/reduced revenues due to competitive pricing, increasing operating costs, declining margins, loss of key customers or employees. This also includes: • failure to identify and respond to trends/landscape in a timely manner; • poor contract/project/supply chain management; • increased insurance premiums for business liabilities; • over-reliance on single supplier; and • underperforming vendors.
	Customer Demand	Failure to keep up with customers' (B2B) expectations and demands and/or end-consumers' (B2B4C) shifts in preferences/consumption trends. Includes delivery delay, poor product or service quality from outsourced services.
	Innovation	Failure to continuously improve and differentiate the Company's products, processes, people and systems.
	Country Concentration	Risk of potential losses which is specifically attributed to events in a specific country (or group of countries); where the Group is unable to receive payments or generate revenue from customers/investments in a specific country as a result of political or economic events in the country.
	Investment Management	Failure to manage uncertainties arising from entering/operating in new markets that may lead to loss of shareholders value, revenue, reputation. Includes failure to manage concentration of investments in new/unfamiliar markets, as well as failure to: • adapt to the regulatory environment; • adapt to political regimes; • establish control over JV partners; • align strategic interests, business practices with JVs; and • set, communicate and execute strategic directions in investment decisions.

Category	Risk Areas	What are the risks?
Strategic (con't)	Customer Concentration	Risk where there is a concentration of customers/services/products where risk diversification is not maintained at an acceptable level.
	Environmental Responsibility	Adverse impact on living and non-living natural systems, including land, air and water ecosystems e.g. effluents, emissions, resource depletion arising from the Company's activities.
Operational	Food Safety Incident	Risk that food is prepared under unhygienic conditions or not compliant with acceptable practices, intentional or otherwise, leading to food poisoning/loss of licenses, customers, reputation (this includes reputational impact to our stakeholders such as customers and authorities).
	Major Accident	Failure to protect the physical and mental well-being of stakeholders e.g. employees, customers, authorities, resulting in injury/fatality/loss of operating licenses/assets/customers/financial penalties/sanctions/persecution/reputation damage (includes reputational impact to our stakeholders such as customers and authorities) due to: • failure to conform to safe work procedures/standard operating procedures; and • failure to comply with licensing conditions/legal requirements.
	Terrorist Attack Adverse External Event Adverse Internal Event	Occurrence of adverse external events (E.g. earthquake, typhoon, disease outbreak, supplier business disruption, etc.) that causes significant business disruptions, threatens business continuity and/or results in material loss/physical or reputational damage (includes reputational impact to our stakeholders such as customers and authorities) due to: • terrorist attacks at airside/airport/on premise/surroundings; and • acts of sabotage by employees/third parties.
	Cyber Attack	IT security violation resulting in business disruptions, systems breakdown, loss of business/life/assets, reputational damage (includes reputational impact to our stakeholders such as customers and authorities), due to: • inadequate/lack of proper maintenance/setup of equipment/IT systems; and • malicious acts by employees or external parties to penetrate the Company's IT network or tampering with equipment.

SATS recognises the need for a comprehensive financial risk management system, given the globalised and diversified nature of the Group's businesses. SATS' overall philosophy to financial risk management is to minimise the effects of economic uncertainty on the Group's financial performance, with its policies subject to regular Board reviews. Currently, foreign currency, interest rate, credit and liquidity risk form the main areas of concern for SATS' financial risk management. More information on these risk areas can be found in the "Notes to the Financial Statements" in the "Financials" section of this Annual Report.

In terms of strategic risk, the Group concerns itself with having the right mix of talent and capital for future success. SATS believes that employee empowerment leads to higher productivity and improved services for customers. Thus, many initiatives have been launched to provide employees with many opportunities for growth, allowing them to reach their fullest potential with SATS. More information can be found in the "Grow with SATS" section of the Group's Sustainability Report.

Current and future portfolio considerations form another key aspect of SATS' strategic risk. SATS regularly observes overseas developments, sensing growth in new markets and seizing investment opportunities when they arise. Over the course of such investments, factors such as customer and country concentrations or exposure to higher-risk countries have to be accounted for.

Contributing to environmental responsibility towards greater sustainability, the Group adopted a technology-driven, people-led approach to create greater value for our stakeholders. This includes enhancing SATS' operational efficiencies and reducing carbon footprint and waste while shifting to renewable and sustainable sources of energy, water and raw materials to lessen the impact that the business has on the environment. More information can be found in the "Treasuring Resources" section of the Group's Sustainability Report.

Corporate Governance Report

Given the critical nature of SATS' operations in the aviation sector, the Group's operational risks include the potential for adverse exogenous events, terrorism, cyber-attacks, workplace and food safety incidents. SATS aims to reduce these risks through inculcating a culture of vigilance, cybersecurity, food hygiene and mindfulness for workplace safety at all organisational levels. Risk champions have also been appointed to efficiently consolidate and streamline the risk management processes across the various business units.

SATS also conducts regular audits across all its operational domains to ensure that stringent safety and quality standards are met. These include internationally recognised certifications such as OHSAS 18001, ISO 9001 and HACCP. More information on such accreditation can be found in the "Safety" section of the Group's sustainability report. SATS has also actively participated in the SGSecure@Workplaces programme, having been registered under the Singapore Police Force and Singapore Civil Defence Force's Safety and Security Watch Group scheme.

Furthermore, owing to the ubiquity of the SATS brand as a major institution in ground handling and catering, much importance is placed on developing sustainable work practices and managing reputational and compliance risks, including fraud, involved in the Group's daily operations. SATS has implemented a comprehensive set of procedures to ensure that legal and industry regulations are complied with, thus mitigating as far as practicable, the occurrence and impact of these risks as they arise.

Management Controls and Assurance Framework

The Group's Management Controls and Assurance Framework (Framework) comprises three levels of defence towards ensuring the adequacy and effectiveness of the Group's system of risk management and internal controls.

Board
Oversight on the 3 lines of defence

Board Risk and Safety Committee | **Audit Committee**

Level 1 Defence
Risk Ownership
Identification and effective management of risks
- Financial Risks
- Strategic Risks
- Operational Risks
- Code of Conduct
- Policies/Procedures

Level 2 Defence
Risk Monitoring
Risk oversight, monitoring and reporting
- Legal and Secretariat
- Risk and Safety
- Human Capital
- Quality Assurance
- Ethics and Compliance
- Finance
- Public Affairs & Branding
- Strategy
- Technology
- Property Management
- Procurement

Level 3 Defence
Assurance
Adequacy and effectiveness of processes and controls
- Internal Audit
- External Audit
- Audits by Regulators/ Customers/Other Stakeholders
- Written Representation from PCEO/CFO/Business Units

Level 1 Defence – Risk Ownership

Management ensures good corporate governance through the implementation and management of policies and procedures relevant to the Group's business environment. These policies and procedures govern financial, operational, information technology and compliance matters.

The Group's key policies and procedures include:

- Written terms of reference for various Management and Board Committees
- Defined roles and responsibilities, and authorisation levels for all aspects of the businesses that are set out in the Financial and Operating Approval Authority Matrix, including guidelines on matters requiring the Board's approval
- Appropriate management organisational structures
- A planned and coordinated budgeting process where operating units prepare budgets for the coming year that are approved by both Management and the Board
- Policies that set out principles to guide employees in carrying out their duties and responsibilities to the highest standards of personal and corporate integrity. They cover areas such as workplace health and safety, conduct in the workplace, safeguarding of the Company's assets (including proprietary information and intellectual properties), confidentiality, conflict of interest, and non-solicitation of customers and employees

The Group has its own approval limits and procedures for every banking and finance transaction, having regard to the nature of the transaction concerned. All banking and finance transactions undertaken by the Group must be properly authorised, including the opening of new bank accounts and the taking up of any proposed credit facilities and the Group's key insurance coverage, the adequacy of which is reviewed on a yearly basis. These approval limits and procedures are updated from time to time and are available on request to the bankers of and lenders to the Group.

Tax Strategy and Governance Framework

In line with SATS' Corporate Governance principles and core values, SATS adheres to the highest standard of integrity in managing its tax affairs and in complying with the local tax law where it operates. SATS exercises due care and activates prescribed protocols in tax risk management and also embraces a transparent posture in meeting its tax reporting obligations.

Compliance with Tax Law

As SATS continues to expand its global footprint, it is fully committed to complying with the tax law and regulations where SATS has established a taxable presence or where a tax reporting obligation arises according to the local law.

SATS exercises good faith effort in meeting all tax filings and payment obligations on a timely basis. Operating in the current global business landscape has become increasingly dynamic and challenging where there are stricter regulatory requirements in tax reporting and tax transparency. SATS commits to being a responsible taxpayer and remains vigilant in meeting these requirements. More importantly, SATS does not condone the behaviour of profit shifting with a tax avoidance intent to minimise its tax obligation and maintains the principle of paying its fair share of taxes in all relevant countries where it has a tax filing obligation.

Where relevant, business or legal entity reorganisation plans are led by valid commercial reasons that support SATS' business strategy. In the event that these business reorganisation plans may give rise to tax consequences, appropriate external tax advice will be sought to address the relevant risk and potential financial impact that may arise from these business reorganisation plans.

Governance for Managing Tax Risk

SATS' tax risk and governance framework conforms to the principles under its Corporate Governance framework. SATS' Board has fully embraced the Corporate Governance principles since their adoption. Appropriate delegation of authority has been put in place to set up an adequate tax governance and control framework. The tax governance and control framework is fully endorsed by the Board and is designed to safeguard the Group from material financial or reputational risks.

Tax laws and regulations are constantly evolving and becoming more complex. The heightening demands in tax reporting obligations significantly increases the risk of unintentional non-compliance. SATS is committed to act responsibly and with integrity in relation to the management of its tax affairs.

SATS supports competitive business growth without compromising the integrity of the tax risk and governance principles. Differences in interpretation and/or enforcement of tax laws, rules and regulations may create tax risks, which SATS will proactively seek to identify, evaluate, manage and monitor through compliance, disclosure and an adequate control framework. Any significant tax issues will be channelled to the Senior Management and/or the Board according to its established risk management protocols and the delegation of authority framework.

Corporate Governance Report

The level of tax risk that SATS accepts is aligned with its business strategy, core values, corporate social responsibility and reputation. SATS seeks the counsel of external advisors, when relevant, to assess the tax risks associated with the interpretation of tax laws, rules or regulations. Care is duly exercised in the assessment of tax risks based on the available facts.

Relationship with Tax Authorities

SATS is committed to nurture a collaborative relationship with the tax authorities and to exercise due care and professionalism in responding to the questions or queries raised by the respective tax authorities. We seek appropriate opportunities to develop mutually respectful relationships with tax authorities based on transparency and trust. Where relevant, SATS intends to work with relevant authorities and legislators to engage in discussions, obtain advance rulings on certain transactions or seek clarity around any points of uncertainty arising from the interpretation or application of tax laws, rules and regulations.

Cyber Security Governance and Management

SATS has put in place an Information Security Policy which is aligned with ISO 27001. All users of information assets owned or managed by SATS are required to comply with this Policy and its supporting standards and guidelines. In addition, SATS has also established a Cyber Security Management Framework designed to protect against, detect and respond to cyber security threats and recover quickly from any attacks/exploit. The framework covers security controls (leveraging on people, process and technology) in the following three areas to protect SATS businesses and information assets.

Cyber Security Management Framework

Protection	Operations	Governance
Ability to protect, limit or contain the impact of a potential Cyber Security event	Timely discovery of Cyber Security events and response to recover the system	Proactively identify cyber risks and establish process and procedure to focus, prioritise its efforts towards minimising Cyber Security risks
Perimeter Defence • Intrusion Protection System • Firewall • Virtual Private Network • Proxy Service • Email and Site Filter • Switch and Router	Identity and Access Management	Policies
	Security Information and Event Management	Standards
	Incident Response and Management	Procedures
	Threat Intelligence	Guidelines
	Vulnerability Management	User Awareness
	Patch Management	Security Testing
		Audit and Compliance
Mobile Security	Capacity Management	Service Level Agreement
Host Security	IT Disaster Recovery	Risk Management
Server Security	Business Continuity Management	Metrics and Reporting
System Security		
Application Security		
Data Protection		
Access Control		

Level 2 Defence – Risk Monitoring

The Enterprise Risk Management framework has been integrated with Strategy and Performance as the Group recognises the importance of connecting strategic decision-making and entity performance with risk management to accelerate the Group's growth and enhance performance.

The Risk Management system concentrates on those key risks which may have a significant influence on the Group's assets, finances and profits, and those that may potentially endanger the continued existence of the Group's companies. Procedures used facilitate early detection and control of risks.

The operational business units meet regularly to review risk and control matters, including ascertaining that there are effective follow-up procedures. The outcome and status are reported to the BRSC and the AC for review and information.

The Group carried out reviews of the key risk profiles, with preventive and mitigating control actions further refined and developed for adequacy and effectiveness.

The on-going process to identify, assess, monitor and manage business risks that will impede the achievement of the Group's objectives is continuously reviewed for improvements. The key risks are evaluated based on probability, consequence and velocity of a preset scale and ranked accordingly. The risk management process, which has been put in place throughout the year and up to the date of this statement, is firmly embedded within the Group's business operations and is every employee's responsibility.

The following are the key risk management activities carried out within the Group during the year:

- Enterprise risk review and identification exercises conducted at the business units and departments, to review the existing risks in the risk register and to identify new risks that may have emerged;
- Fraud risk review exercise conducted at various departments, to identify the potential fraudulent activities that could occur in key processes, and implement a combination of preventive and detective anti-fraud control measures;
- Business continuity/contingency plans were tested during the financial year under review. The procedures were fine-tuned and enhanced for improvements further to the post mortem briefings held; and
- Control Self-Assessment (CSA) exercise carried out by the business units. This exercise requires the various business units to assess the status of their respective internal controls and develop action plans to remedy identified control weaknesses.

Fraud risk management processes include conflict of interest and bankruptcy declaration, mandatory block leave for sensitive positions, as well as implementation of policies such as the SATS Whistle-Blower Policy and Code of Conduct to establish a clear tone from the top regarding employees' business and ethical conduct. It also considers all potential fraud risks, schemes, scenarios and employees' positions/designations in the Company identified through the Fraud Risk Assessment, for monitoring and implementation of additional controls based on positions and risk levels.

Level 3 Defence – Assurance

Management monitors internal controls through CSAs that have been developed based on the principle of minimum acceptable controls. During the course of the year, CSA controls were reviewed for relevancy and adequacy to business processes. The controls are assessed by the business unit control owners and independently by the various internal audit teams, including the Group's Internal Auditors. Action plans are developed to remedy identified control weaknesses.

Written assurances and representations, together with an attached checklist of key elements of internal controls approved by the Board, have been obtained from all the executive heads of all the Company's operating subsidiaries as well as from the executive heads or other appropriate officers of all of the Company's active associated companies, that their respective companies' internal controls were adequate during the financial year under review. The written assurances and representations also included the assurances provided by respective business heads on the Group's compliance with the Interested Person Transaction Manual.

The external auditors will highlight any material internal control weaknesses which have come to their attention in the course of their statutory audit. Any significant non-compliance or failures in internal controls and recommendations for improvement are reported to the AC.

The details of the Group's independent Internal Audit function are set out in the "Audit Committee" sub-section of this Corporate Governance Report.

Corporate Governance Report

Board's Oversight

The Board of Directors, supported by the AC and BRSC, oversees the Group's systems of internal controls and risk management. The Board required and has received assurance from the PCEO and CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and financial position.

Additionally, the PCEO and relevant business heads who are responsible have provided the Board assurances on the adequacy and effectiveness of the Group's risk management and internal control systems, addressing financial, operational, compliance and information technology risks.

Conclusion

Taking into account the views of the AC and BRSC in the exercise of their responsibilities under their respective terms of reference, the framework of management controls, the internal control policies and procedures established and maintained by the Group's Management, the reviews conducted by the internal and external auditors and the documented governance assurance, the Board is of the opinion that the systems of internal controls and risk management (addressing financial, operational, compliance and information technology controls) which the Group considers relevant and material to its current business scope and environment were adequate and effective as at the date of the "Directors' Statement". The AC concurs with the Board's opinions.

However, the Board also notes that no system of risk management and internal controls can provide absolute assurance in this regard, or absolute assurance against poor judgement in decision making, human error, losses, fraud or other irregularities.

Corporate Culture

SATS Code of Conduct

The SATS Code of Conduct sets out the standards of behaviour by which we deal with our customers, business partners, colleagues, suppliers and each other. All employees are required to read and acknowledge the Code of Conduct upon joining the Company. The principles covered in the Code of Conduct are:

Passion to Delight

Standing behind our promise of quality are the people with the passion to delight. We believe in fostering a collaborative environment where every employee of the organisation is obliged to observe our code of conduct in interactions within the employees, customers and business partners.

High Integrity

We build trust with business partners through integrity. We forbid employees to seek work outside of SATS so that they can give full devotion to the work they do for us. Integrity is further protected through non-competition and non-solicitation requirements for a period of one year after the employee has ceased employment with us.

We are careful to avoid situations where personal connections or financial interests may influence impartiality. Employees are required to inform us of situations where they have family members who have business dealings with us. Further, employees and members of their family are not allowed to accept gifts or preferential treatment arising from their employment with us.

Information is valuable to our business. Employees are expected to keep confidentiality, not make false claims and refrain from insider trading.

Safety in the Workplace

Workplace safety is of paramount importance to our business. We ensure that all employees and contractors are adequately trained to perform their tasks competently and we insist on strict adherence to safety rules.

Safeguarding Assets

Employees are expected to exercise responsibility and good judgement in the use of Company assets. Use of these properties must be authorised and the individual is required to comply with the rules governing usage.

Ethics and Compliance

We are fully committed to conducting business with integrity, having responsible business practices consistent with the highest ethical standards and being in compliance with all applicable laws and regulatory requirements. As we continue to grow in a complex business environment and expand to different jurisdictions, an Ethics and Compliance department was established with a reporting line to the Board Risk and Safety Committee. An ethics and compliance framework has been implemented and we are working to achieve the milestones under the framework to strengthen the ethical culture of SATS and mitigate risk exposure relating to bribery/corruption and other compliance-related matters.

Whistle-blowing Policy

Our "Policy on Reporting Wrongdoing" institutionalises the Group's procedures on reporting possible improprieties, independent investigation of such matters, and follow-up actions. Complaints or suspicions of impropriety can be made by employees, customers, suppliers or other persons in the form of emails, faxes, letters or written/verbal reports. A dedicated email address and hotline is maintained by the Internal Audit Department to receive such complaints or reports. Anonymous complaints may be considered, taking into account factors such as the seriousness of the issues raised, the credibility of the concern and the likelihood of confirming the allegation from attributable sources.

Our Internal Audit Department is responsible for reviewing all complaints received unless it concerns the Head of Internal Audit or the PCEO. Any complaint concerning the Head of Internal Audit or the PCEO is escalated to the AC Chairman who may delegate investigation of such complaints to any person deemed fit by the AC Chairman. Depending on the complexity and the nature of complaint, external service providers may be engaged to assist in investigations.

Banking Transaction Procedures

Our lenders are notified that all bank transactions undertaken by any member of the Group must be properly authorised, including the opening of new bank accounts and any proposed credit facilities. Each member of the Group has its own approval limits and procedures for every banking transaction, having regard to the nature of the transaction concerned. These approval limits and procedures are updated from time to time and are available on request. The bankers of each member of the Group have been advised to verify, in accordance with the verification process set out in the applicable procedures, that the transaction is properly authorised.

Accountability to Shareholders

Shareholder Rights

SATS practices fair and equal dissemination of information. All media releases, announcements and investor presentations are issued via SGXNET and uploaded on our website, providing timely information to shareholders.

Shareholders are informed of general meetings through notices published in the newspapers, electronic releases via the SGXNET and reports or circulars sent to all shareholders. We generally provide our shareholders with longer than the minimum notice period required for general meetings. We also give our shareholders the necessary information on each resolution so as to enable them to exercise their votes on an informed basis. In particular, for resolutions on the election or re-election of Directors, sufficient information is provided on their background, their contributions to SATS and their Board and Board committee positions so that shareholders may properly assess the candidacy of such Directors.

Shareholders are given the opportunity to participate effectively in and vote at general meetings. They are invited at such meetings to put forth any questions they may have on the motions to be debated and decided upon.

Provision 11.4 of the 2018 Code provides for a company's constitution to allow for *absentia* voting at general meetings of shareholders. Our Constitution currently does not, however, permit shareholders to vote at general meetings *in absentia* (such as via mail, email or fax). We will consider implementing the relevant amendments to the Constitution if the Board is of the view that there is a demand for such alternative methods of voting, and after we have evaluated and put in place the necessary security processes to facilitate *in absentia* voting, and prevention measures against errors, fraud and other irregularities. Shareholders nevertheless already have the opportunity to communicate their views on matters affecting the Company even when they are not in attendance at general meetings as each shareholder is allowed to appoint up to two proxies to vote on his behalf at the meeting through proxy forms sent in advance. Institutional shareholders are allowed to appoint multiple proxies, so indirect investors who hold shares though nominee companies or custodian banks or through a CPF agent bank may be appointed as proxies to attend, speak and vote at the AGM.

The voting rights of shareholders are described in the Annual Report, and shareholders are briefed by independent scrutineers on the rules and voting procedures at the beginning of general meetings. We encourage shareholders to actively participate in general meetings, which are held at convenient locations.

Corporate Governance Report

Communication with Shareholders

Investor Relations

SATS strives to communicate pertinent information to shareholders and the investment community in a clear and detailed manner, and on a regular and timely basis. We disseminate material price-sensitive and trade-sensitive information to the public on a timely and non-selective basis, to provide our stakeholders with the latest, most relevant information they require to make informed decisions about the value of SATS and our long-term prospects. Material information relating to our financial performance, business and strategic developments is published on SGXNET first, followed by our website at www.sats.com.sg.

A dedicated investor relations section on our website enables access for our shareholders and the investment community to information about SATS such as annual reports, financial results/voluntary quarterly business updates, webcasts of earnings briefings, and the latest corporate presentations.

In addition, we have many channels that offer opportunities for engagement and dialogue with the SATS Management team to help stakeholders understand our business strategy better. For example, during FY2019-20, we organised post-results conference calls at the end of each quarter for the first three quarters, with live audio webcast to brief shareholders, the investment community and the media on our financial performance and key business and corporate developments. For the fourth quarter, we typically host a face-to-face briefing for both analysts and the media, with live audio webcast. However, our recent fourth quarter and full-year results for FY2019-20 were announced through a live audio webcast in consideration of the COVID-19 pandemic. We also make available on our website on the same day of each earnings conference call or briefing, an on-demand audio webcast of the session.

Furthermore, we regularly participate in investor conferences held both locally and overseas to meet with investors who are interested in knowing more about our business and respond to email requests from key institutional investors to meet with Senior Management on specific matters and queries about our business.

Our Public Affairs & Branding Department acts as our corporate liaison to facilitate the flow of information between SATS and our stakeholders, including investors, the investment community and the public. The department disseminates corporate information that promotes a transparent and positive relationship with all our stakeholders and manages enquiries about our business performance and requests for meetings with our Management team. Shareholders who wish to contact SATS may get in touch with the Public Affairs & Branding Department. The department's contact details are listed on our website.

A dedicated investor relations team in the Finance Department works closely with the Public Affairs & Branding team to implement a defined investor relations policy. Upon receiving queries and feedback, our Public Affairs & Branding team will consult the relevant subject matter experts before responding appropriately. Communications with our stakeholders are conducted in an open, transparent manner and in compliance with SGX requirements.

Sustainability

In 2017, we established a sustainability framework that outlines how our contribution to global sustainability challenges will drive the future success of SATS as a business. The Board provides guidance on the development of the Company's business strategy and reviews the effectiveness of all programmes to ensure they are fit for purpose and are sustainable. Our Board also makes certain that we integrate sustainability goals into business goals, making sustainability a vital facet of our business strategy.

We adopt a technology-driven, people-led approach to deliver long-term value to our stakeholders, such as encouraging innovative solutions to improve services and promoting healthy eating without depleting scarce resources. Building upon our core competencies to enable our business, stakeholders and the community to grow with purpose, we have established ambitious 2030 goals within the framework of our three pillars of sustainability – Nourishing Communities, Connecting People, and Treasuring Resources. We align these goals with our vision to feed and connect Asia.

We report sustainability performance in accordance with the SGX Sustainability Report Guide, with reference to the core option of the Global Reporting Initiative (GRI) framework. We also map material topics to the United Nations Sustainable Development Goals, and continually review our sustainable business strategy to improve our stewardship and reporting format.

We engage our internal and external stakeholders regularly through multiple channels to seek alignment on material issues that guide our decision-making. By working collaboratively with all stakeholders, we create a greater positive impact on the environment and the communities we serve.

To encourage commitment to drive sustainability in the organisation, we have appointed key executives as accountable drivers to spearhead sustainability initiatives under the three pillars of our sustainability framework.

We engage with external stakeholders through regular meetings with the objective of validating SATS' assessment of the issues material to our business, and aligning our sustainability goals with those of our stakeholders to guide us on the prioritisation of resources for various sustainability programmes.

Dividend Policy

The Company targets to provide sustainable dividend payouts that take into account cash flow generation and balance sheet strength, along with projected capital requirements and investments. In the event of a material variation in declared dividends compared to the previous corresponding period, or any decision not to declare a dividend, the reasons for such will be disclosed in accordance with the Listing Manual of the SGX-ST. The past four years' dividend payouts and the current year's dividend payout are set out in the "Five-Year Group Financial and Operational Summary" section of the Annual Report.

The Company has disclosed in its financial results announcement dated 9 July 2020 in respect of FY2019-20 that, in light of the significant uncertainties in SATS' operating environment resulting from the COVID-19 pandemic, the Board is of the view that it would be prudent not to pay a final dividend with respect to FY2019-20, as this will allow SATS to preserve more jobs and capabilities to support our customers as aviation volumes resume, and to pursue strategic growth opportunities. The total dividend for FY2019-20 is therefore 6 cents per share (being the interim dividend for FY2019-20 which was paid on 11 December 2019).

Conduct of Shareholder Meetings

Generally, all Directors are required to attend general meetings and are present for the entire duration of general meetings. The Chairman of the Board, the Chairman of each of the EXCO, AC, NC, RHRC and BRSC and the external auditors are present to address shareholders' queries. Our PCEO makes presentations at AGMs to update shareholders on our performance, position and prospects, and the presentation materials are uploaded onto SGXNet and our corporate website. The Chairman of the meeting is tasked with facilitating constructive dialogue between the shareholders and the Board, Management and the external auditors. Where appropriate, the Chairman allows specific Directors, such as the respective Board Committee chairmen, to answer queries on matters related to their roles. Shareholders are also given an opportunity to interact with the Directors before and/or after general meetings. We try our best not to schedule our AGMs during peak periods when these might coincide with the AGMs of other listed companies.

At general meetings, each distinct issue is proposed as a separate resolution and resolutions are generally not "bundled" or made inter-conditional on each other. Where resolutions are "bundled", the reasons and material implications for doing so are set out in the notice calling for the general meeting.

All resolutions are put to the vote by electronic poll voting. Voting by poll allows for an equitable and transparent voting process. Shareholders will be better able to demonstrate their concerns in a manner more accurately reflective of their shareholdings. Independent scrutineers are appointed to conduct the voting process. Independent scrutineers brief the shareholders on the e-polling voting process and verify and tabulate votes after each resolution. The results of the voting at the general meetings showing the number of votes cast for and against each resolution and the respective percentages are shown to the shareholders at the end of each resolution before the Chairman makes a declaration on the passing of the resolution. In addition, the voting results at the general meetings showing the number of votes cast for and against each resolution and the respective percentages and the name of the independent scrutineer will be announced via SGXNET immediately after each general meeting.

The Company Secretary prepares minutes of shareholders' meetings, which incorporate substantial and relevant comments or queries from shareholders and responses from the Board and Management. Beginning from our 2018 AGM, these minutes are published on our corporate website.

2020 AGM

In view of the current COVID-19 situation in Singapore, the upcoming AGM to be held in respect of FY2019-20 will be convened and held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of the AGM, addressing of substantial and relevant questions at, or prior to, the AGM and voting by appointing the Chairman of the Meeting as proxy at the AGM, will be put in place for the AGM.

Corporate Governance Report

Dealings in Securities

In line with the rules of the Listing Manual of the SGX-ST, we have in place a policy and guidelines on dealings in our securities for the Company and for employees of the Group and Directors of the companies within the Group. The policy and guidelines restrict the Company and certain employees (including all administrative officers and employees of managerial grade and above, and employees in departments which are likely to be privy to confidential material price-sensitive or trade-sensitive information, such as the offices of the Senior Management team, the Legal and Finance departments, and departments or units of companies in the Group having charge of business development and/or marketing activities) from trading in our securities during the period of one month immediately preceding the announcement of our half year and full year financial statements and during the period of two weeks immediately preceding the announcement of our voluntary quarterly business updates containing meaningful and relevant financial and non-financial information on our performance for the first and third quarters of each financial year.

We have also adopted a procedure for a trading halt in our securities, which assists us to manage our continuous disclosure obligations in accordance with the spirit of Rule 703 of the Listing Manual of the SGX-ST in the event of a leak of material unpublished information, or a false rumour or report where a media comment about us is sufficiently specific and detailed to warrant a response or to adequately respond to a query by the SGX-ST arising from such leak of material unpublished information or a false rumour or report.

In addition, we and our Directors and employees are prohibited at all times from trading in the Company's securities whilst in possession of non-public, price-sensitive or trade-sensitive information. The policy and guidelines also remind employees and Directors of the Group that they should not deal in our securities on short-term considerations, and to be mindful of the insider trading prohibitions under the Securities and Futures Act whenever trading in our or any other corporation's securities. In any event, the non-executive Directors who are currently our shareholders hold an insignificant number of shares in SATS.

Engagement with Stakeholders

SATS has appropriate channels in place to identify and engage with its material stakeholder groups. We recognise the importance of reflecting intimate knowledge of our business and regular interactions with our stakeholders to determine material concerns for our business. These engagements enable SATS to review business processes, and report the progress of initiatives, as well as share ideas and knowledge for deeper collaborative partnerships. During FY2019-20, we carried out an extensive engagement exercise with our key stakeholder groups to validate our material issues and gauge stakeholders' perception on the importance of ESG topics, so as to align our goals with those of our key stakeholders. As a result of this engagement exercise, we identified and prioritised a list of material ESG issues. SATS periodically engaged with key stakeholder groups while observing best practices such as tailoring relevant information for specific groups, taking into consideration constructive feedback on pertinent issues, and postponing any engagement during blackout periods.

SATS' food procurement department organises an annual engagement session with key suppliers to share the Company's needs and plans for the business, as well as discuss how suppliers can lend their support.

In addition, SATS' central purchasing and tenders management (CPTM) department identifies key vendors comprising service crew providers, commercial services contractors, and top 20 vendors by annual purchase values for commercial and technical goods/services. For vendor performance evaluation purposes, CPTM conducts internal surveys with various business units before engaging underperforming vendors on service improvements to ensure the smooth running of SATS' operations.

On the communications front, SATS provides timely and informative updates relating to Company announcements, financial results announcements, news releases, and corporate presentations on its corporate website.

Annexure

Share Plans

SATS RSP and SATS PSP

The SATS RSP and the SATS PSP were approved by shareholders at the Extraordinary General Meeting of the Company held on 19 July 2005 for an initial term of 10 years till July 2015. A 10-year extension until July 2025 was approved at the 41st AGM of the Company. There was no change to the maximum limit of new shares which may be issued under the SATS RSP and the SATS PSP following the extension of their respective durations. These plans were introduced with a view to further strengthening the Company's competitiveness in attracting and retaining talented key senior management and executives. The SATS RSP and the SATS PSP aim to more directly align the interests of key senior management and executives with the interests of shareholders, to improve performance and achieve sustainable growth for the Company in the changing business environment, and to foster a greater ownership culture amongst key senior management and executives. These plans contemplate the award of fully paid shares of the Company, when and after pre-determined performance or service conditions are accomplished.

The SATS RSP serves as an additional motivational tool to recruit and retain talented executives as well as to reward Company and individual performance. In addition, it enhances the Group's overall compensation packages, strengthening the Group's ability to attract and retain high performing talent. Shareholders' approval was also obtained at the 46th AGM of the Company to alter the SATS RSP to enable non-executive Directors to participate in the SATS RSP, so as to permit grants of fully paid shares to be made under the SATS RSP to non-executive Directors as part of their Directors' remuneration.

The SATS PSP is targeted at a select group of key senior management who shoulder the responsibility for the Company's performance and who are able to drive the growth of the Company through innovation, creativity and superior performance. Awards under the SATS PSP are performance-based, with performance targets set in accordance with medium-term corporate objectives covering market competitiveness, quality of returns, business growth and productivity growth. The performance targets are stretched targets based on criteria such as total shareholders' return, economic value added, market share, market ranking or return on sales.

Awards granted to executives under the SATS RSP, which is intended to apply to a broader base of executives, will vest only after the satisfactory completion of time-based service conditions, that is, after the participant has served the Group for a specified number of years (time-based restricted awards) or, where the award is performance-based (performance-based restricted awards), after a further period of service beyond the performance target completion date. Awards granted to the non-executive Directors under the SATS RSP in lieu of part of the cash amount of their Directors' remuneration consist of fully paid shares with no performance conditions attached and no vesting periods imposed. However, such non-executive Directors will be required to retain a base shareholding worth up to one year's retainer fee for as long as he/she is on the Board of the Company, and for a period of one year after stepping down as a Director.

No minimum vesting periods are prescribed under the SATS RSP, and the length of the vesting period(s) in respect of each award will be determined on a case-by-case basis. The grant of such performance-based restricted awards is intended to ensure that the earning of shares under the SATS RSP is aligned with the pay-for-performance principle. The use of time-based restricted awards will only be made on a case-by-case basis where business needs justify such awards.

The selection of a participant and the number of shares which he would be awarded under the SATS RSP will be determined at the absolute discretion of the RHRC, which will take into account criteria such as his or her rank, job performance, creativity, innovativeness, entrepreneurship, years of service and potential for future development, his or her contribution to the success and development of the Group and, if applicable, the extent of effort and resourcefulness required to achieve the performance target(s) within the performance period.

Under the SATS RSP and the SATS PSP, the RHRC has the discretion to determine whether the performance condition has been satisfied (whether fully or partially) or exceeded and in making any such determination, the RHRC has the right to make reference to the audited results of the Company or the Group to take into account such factors as the RHRC may determine to be relevant, such as changes in accounting methods, taxes and extraordinary events, and further, the right to amend the performance target(s) if the RHRC decides that a changed performance target would be a fairer measure of performance.

The Senior Management who are participants of SATS RSP and SATS PSP are required to observe a moratorium on a minimum threshold of their shares in the Company. They are prohibited from trading, pledging or hedging their minimum threshold. The RHRC in their review of the Company's share plans also reviewed the minimum threshold. The RHRC commissioned a review of the minimum threshold by an external consultant, Aon Hewitt, in October 2014 and had approved the findings and recommendation of Aon Hewitt.

The aggregate number of shares which may be issued pursuant to awards granted under the SATS RSP or the SATS PSP, when added to the number of new shares issued and issuable in respect of all options granted under the ESOP, and all awards under the SATS RSP and the SATS PSP, may not exceed 15 percent of the total number of issued ordinary shares in the capital of the Company (excluding treasury shares and subsidiary holdings (as defined in the Listing Manual of the SGX-ST)) on the day preceding the relevant date of award.

For FY2019-20, the total number of shares comprised in awards granted under the SATS RSP and SATS PSP did not exceed 0.3 percent of the total number of issued shares (excluding treasury shares and subsidiary holdings). The obligation to deliver the shares is expected to be satisfied out of treasury shares.

Building a Sustainable Future

COVID-19 has tested the strength of the people and business processes of SATS, but its investments in digitalisation and people development have enabled the Group not only to stay resilient during the pandemic, but also to maintain its commitment to long-term sustainability. As lockdowns ease and borders begin to reopen across the world, it faces new challenges in terms of a slow recovery for its business and the need to restore confidence in air travel.

SATS has integrated sustainability goals into its business objectives and incorporated new initiatives across all three pillars of its sustainability framework to drive towards achieving tangible results. Here are some key highlights. Please refer to the SATS Sustainability Report FY2019-20 for more information.

Acquiring New Capabilities in Food Solutions

The use of packaging is essential in SATS' food solutions business to preserve freshness and maintain product hygiene. Its acquisition of aviation food innovator Monty's Bakehouse enables the Group to develop sustainable packaging that not only reduces its dependence on single-use plastics, but also presents low-touch packaging solutions to offer greater peace of mind for travellers in the new normal.

Subsidiary Nanjing Weizhou Airline Food Corp. Ltd extends SATS' food solutions capability into frozen food development and production, enabling the Group to further reduce food waste by extending the shelf life of food products.

COVID-19 has proven that a robust supply chain is vital to business continuity in a crisis. SATS maintains an extensive and complex supplier network of more than 3,700 suppliers globally, and they range from local farms to multinational companies. Investing in digital integrated supply chain not only gives SATS end-to-end traceability for the raw materials used in its food but also strengthens the Group's procurement capability, enabling it to build a resilient supply chain.

Enhancing Productivity and Connectivity

SATS has adopted a technology-driven, people-led approach to sustainability which has given the Group a unique view on how technology can be leveraged to achieve productivity gains and seamless connectivity. Tapping on the skills and rich experience of its people, SATS employs technology to automate and digitalise processes to help the Group develop innovative solutions that enable it to retain its competitive advantage. For example, in response to rising requests for wheelchair assistance, SATS passenger service and technology teams worked together to conceptualise and prototype a follow-me wheelchair system that enables one staff member to transport up to three passengers who need wheelchair assistance using sensor technology operated via a mobile application. Such smart technologies not only help SATS to enhance productivity but also raise service standards.

Automation and digitalisation create a virtuous cycle of learning and adopting. SATS Academy keeps its people adaptable through various programmes targeted at upskilling and multi-skilling its workforce. SATS Academy has been appointed the official partner by SkillsFuture Singapore to conduct training for workers in the Air Transport Sector, enabling SATS to extend its training and know-how to the rest of the aviation industry.

Reducing Environmental Impact

Recognising that climate change could impact socioeconomic systems across the world, SATS is taking active steps to ensure that the Group builds and strengthens climate resilience across its supply chain and operations.

In order to conserve resources, SATS is building up recycling capabilities to increase the volume of recycled water used for washroom and landscape maintenance. A water recycling project of joint venture AISATS in Bengaluru, for example, recycles an average of 562 kilolitres of water each month. In addition, rainwater is also harvested for recycling.

To reduce carbon emissions, SATS is expanding its renewable energy capacity and improving energy efficiency. In Singapore, SATS partnered with Sembcorp Industries to install rooftop solar panels with a combined peak capacity of 8.1 megawatts.

The Group has also made substantial progress in electrifying its fleet of Ground Service Equipment (GSEs) across many of its operations and is now using GSEs in Singapore, China and Indonesia.

SATS has built deep domain skills and digitalised many of its operations through a technology-driven, people-led approach to sustainability. COVID-19 may have disrupted its growth, but the Group is committed to accelerating its transformation to build an even more sustainable post-pandemic future.

SATS customer service officer, Vincent Chua, and SATS Security auxiliary police officer, Rainier Yong, were temporarily redeployed to Singapore's Immigration and Checkpoints Authority as stay-home notice ambassadors to conduct door-to-door checks.

SATS has integrated sustainability goals into its business objectives and incorporated new initiatives across all three pillars of its sustainability framework to drive towards achieving tangible results.

Building a Sustainable Future

Pillars | **United Nations Sustainable Development Goals** | **2030 Ambitions**

Nourishing Communities

Enabling More People to Eat Well

Harnessing our culinary innovation and technical expertise to provide better, more nutritious food from sustainable sources to improve the health and well-being of our communities and ecosystems.

2 ZERO HUNGER
3 GOOD HEALTH AND WELL-BEING

Make Balanced Diets Accessible

- All customers are offered a healthy choice option[1]
- Nutritional information[2] will be provided for all meals

Tackling Food and Packaging Waste

- Halve food wastage in all operations[3] from a 2018 baseline
- Introduce 100% sustainable food packaging[4] by 2030

Ensure Supply Chain is Sustainable

- 100% of fish and palm oil originate from sustainable sources

Uphold Food Safety

- Food supply chain for 100% of high-risk products traceable to origin

Connecting People

Connecting with Passion and Purpose

Ensuring seamless connections for passengers and cargo every day, while empowering communities and our people to fulfil their fullest potential, we embrace technology, digitalisation and change.

8 DECENT WORK AND ECONOMIC GROWTH

Ensure Seamless Connections

- 100% paperless hub
- High score on seamless connectivity customer and cargo experience
- Zero tolerance of security breaches (robust fallback system)

Safeguard Operational Safety

- To achieve 50% reduction in accident frequency rate and lost man-days
- To achieve 50% reduction in ergonomic injuries through the improvement of man-machine interface
- To develop a fully digitalised safety management system accessible worldwide

Grow with SATS

- Employee engagement score of 80%
- 80 hours of employee training per year
- 50% of talents for critical and key positions filled by internal transfers
- 40% female representation at senior management level[5]

Empower Communities

- Touch four million lives by 2030 through social and community investments that impart our expertise, to empower people to fulfil their fullest potential

Treasuring Resources

Caring for the Environment

Enhancing our operational efficiencies and reducing our carbon footprint and waste, while shifting to renewable and sustainable sources of energy, water and raw materials to lessen the impact our business has on the environment.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION

Use Scarce Resources Efficiently

- 100% wastewater treatment based on local regulatory requirements
- 50% water recycled for non-food use
- Ensure resources used are sustainably sourced and disposed across all operations[6]

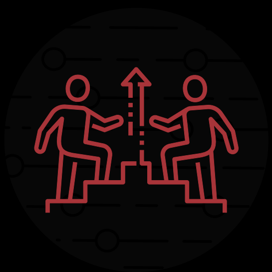
Reduce Emissions

- 100% electric ground handling equipment[7]
- 40% usage of renewable energy in SATS-owned buildings[8]
- We are reviewing our carbon targets in line with the TCFD framework[9], and evaluating the effectiveness of carbon intensity metrics as a management tool for reducing overall carbon emissions.

Notes:
1. SATS will offer a healtier option, but it is at our customers' discretion to provide the choice to their customers.
2. Information includes calorie content and cooking method.
3. All operations refer to those controlled by SATS and exclude inbound waste from the airlines.
4. Sustainable food packaging here refers to those that can be controlled by SATS, and are made from recyclable or renewable materials
5. Senior management level refers to Vice Presidents and above.
6. Baseline and a quantifiable target will be established in future reports.
7. Subject to the development of infrastructure and facilities to support electric ground handling equipment by airports.
8. Includes overseas subsidiaries.
9. Taskforce on Climate-related Financial Disclosures.

Building a Sustainable Future

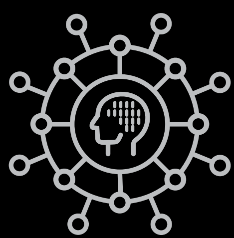
Our Approach



Technology -Driven People-Led

Our Sustainability Pillars

Nourishing Communities



Connecting People

Treasuring Resources

Our Sustainability Framework

At SATS, our vision to feed and connect Asia reflects our ambition to drive positive impact, not just across our business but also for our customers, industry partners, shareholders, suppliers, employees and communities.

Guided by our technology-driven, people-led approach, our sustainability framework outlines our strategy to achieve our vision. The three pillars of our framework define the key focus areas and goals that direct our efforts and reflect our leadership.

Our Vision

Feeding & Connecting Asia

Financial Statements

Directors' Statement

The Directors are pleased to present their statement to the members together with the audited consolidated financial statements of SATS Ltd. (the "**Company**") and its subsidiaries (collectively, the "**Group**") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 March 2020.

1. Opinion of the Directors

In the opinion of the Directors:

(a) The financial statements set out on pages 96 to 194 give a true and fair view of the financial position of the Group and of the Company as at 31 March 2020 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards (International); and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Directors have, on the date of this statement, authorised these financial statements for issue.

2. Directors

The Directors of the Company in office at the date of this statement are:

Euleen Goh Yiu Kiang	Chairman
Alexander Charles Hungate	
Achal Agarwal	
Chia Kim Huat	
Michael Kok Pak Kuan	
Jenny Lee Hong Wei	
Jessica Tan Soon Neo	
Tan Soo Nan	
Yap Chee Meng	
Yap Kim Wah	

3. Arrangements to Enable Directors to Acquire Shares and Debentures

Except as disclosed in this statement, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

4. Directors' Interests in Shares and Debentures

The following Directors who held office at the end of the financial year, had, according to the register of Directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in shares and share options of the Company as stated below:

4. Directors' Interests in Shares and Debentures (cont'd)

	Direct interest		Deemed interest	
Name of Director	At the beginning of financial year	At the end of financial year	At the beginning of financial year	At the end of financial year
Ordinary shares [(1)]				
Alexander Charles Hungate	2,273,836	3,319,736	–	–
Euleen Goh Yiu Kiang	22,774	30,274	–	–
Achal Agarwal	–	3,300	–	–
Chia Kim Huat	2,190	5,090	–	–
Michael Kok Pak Kuan	30,000	3,400	–	–
Jenny Lee Hong Wei	–	600	–	–
Jessica Tan Soon Neo	–	3,100	–	–
Tan Soo Nan	10,000	13,800	–	–
Yap Chee Meng	–	3,800	–	–
Yap Kim Wah	–	3,400	–	–
Award under SATS Restricted Share Plan ("RSP")				
Alexander Charles Hungate [(2)]	193,200	259,400	–	–
Award under SATS Performance Share Plan ("PSP")				
Alexander Charles Hungate [(3)]	1,440,000	1,230,000	–	–

(1) Includes, in respect of all the Directors named above other than Alexander Charles Hungate, shares of the Company delivered pursuant to awards granted to them under the RSP during the financial year under review as part of their Directors' Fees in lieu of cash and, in respect of Alexander Charles Hungate, shares of the Company delivered pursuant to awards granted to him under the RSP and PSP in his capacity as a Group employee.

(2) The final number of RSP award will range from 0% to 120% of the initial grant and is contingent on the achievement of pre-determined target over a one-year performance condition and will vest equally over a three-year period. During the financial year, 292,600 shares were awarded and 226,400 shares were vested.

(3) The final number of PSP will range from 0% to 150% of the initial grant and is contingent on the achievements of pre-determined targets over a three-year performance conditions period. During the financial year, 340,000 shares were awarded and 819,500 shares were vested.

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 April 2020.

Except as disclosed in this statement, no Director who held office at the end of the financial year had interests in shares, share options or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

5. Share-Based Payments

(i) Employee Share Option Plan

The SATS Employee Share Option Plan (the "**Share Option Plan**"), which comprises the Senior Executive Share Option Scheme for senior executives and the Employee Share Option Scheme for all other employees, was adopted in connection with the initial public offering undertaken by the Company in 2000 and a summary of which was set out in the Prospectus issued by the Company dated 4 May 2000. The Share Option Plan was modified at an Extraordinary General Meeting held on 7 July 2001 and was subsequently modified by the Company (as announced on 4 June 2003) and at Extraordinary General Meetings held on 19 July 2003 and 20 July 2004.

Under the Share Option Plan, all options to be issued will have a term no longer than 10 years from the date of grant. The exercise price of the option will be the average of the closing prices of the Company's ordinary shares on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") for the five market days immediately preceding the date of grant. The options granted by the Company do not entitle the holders of the options, by virtue of such holding, to any right to participate in any share issue of any other company.

Directors' Statement

5. Share-Based Payments (cont'd)

(i) Employee Share Option Plan (cont'd)

Under the Employee Share Option Scheme, options will vest two years after the date of grant. Under the Senior Executive Share Option Scheme, options will vest:

(a) one year after the date of grant for 25% of the ordinary shares subject to the options;
(b) two years after the date of grant for an additional 25% of the ordinary shares subject to the options;
(c) three years after the date of grant for an additional 25% of the ordinary shares subject to the options; and
(d) four years after the date of grant for the remaining 25% of the ordinary shares subject to the options.

No options have been granted to Directors of the Company, controlling shareholders of the Company or their associates. No employee has received 5% or more of the total number of options available under the Share Option Plan. The Company has ceased to issue further grants of share options since the last grant in July 2008.

At the end of the financial year, there was no outstanding share option.

(ii) Restricted Share Plan ("RSP") and Performance Share Plan ("PSP")

At the Extraordinary General Meeting of the Company held on 19 July 2005, the shareholders approved the adoption of two new share plans, namely the RSP and the PSP, in addition to the Share Option Plan. Both share plans which expired in July 2015 were subsequently approved during the 41st Annual General Meeting held on 23 July 2014 for further extension of 10 years to July 2025.

From FY2015-16 onwards, the RSP final number of award will range from 0% to 120% of the initial grant and is contingent on the achievement of pre-determined targets over a one-year peformance period and will vest equally over a three-year period. The PSP final number of award will range from 0% to 150% of the initial grant and is contingent on the achievement of pre-determined targets over a three-year performance period.

At the date of this report, the Remuneration and Human Resource Committee which administers the Share Option Plan, the RSP and PSP comprises the following Directors:

Euleen Goh Yiu Kiang	Chairman
Achal Agarwal	Member
Michael Kok Pak Kuan	Member

No shares have been granted to controlling shareholders or their associates under the RSP and PSP.

At the 46th Annual General Meeting of the Company held on 18 July 2019, the shareholders of the Company approved alterations to the RSP to permit grants of fully paid shares of the Company to be made to Non-Executive Directors of the Company as part of their Directors' Fees in respect of their office as such, in lieu of cash. During the financial year, an aggregate of 31,800 shares of the Company were delivered pursuant to awards granted under RSP to Non-Executive Directors as part of their Directors' Fees for the period 1 April 2018 to 31 March 2019 in lieu of cash. The awards consisted of fully paid shares with no performance conditions attached and no vesting periods imposed.

5. **Share-Based Payments** (cont'd)

(ii) Restricted Share Plan ("RSP") and Performance Share Plan ("PSP") (cont'd)

The details of the shares awarded under the RSP and PSP during the year are as follows:

RSP	Number of restricted shares				
Date of grant	**Balance at 1.4.2019/ Date of grant**	**Vested**	**Forfeited**	**Adjustments**	**Balance at 31.3.2020**
01.08.2016	495,200	(495,200)	–	–	–
01.08.2017	1,002,800	(513,800)	(12,800)	–	476,200
24.06.2019	1,897,400	(637,300)	(18,000)	–	1,242,100
	3,395,400	(1,646,300)	(30,800)	–	1,718,300

PSP	Number of performance shares				
Date of grant	**Balance at 1.4.2019/ Date of grant**	**Vested**	**Forfeited**	**Adjustments#**	**Balance at 31.3.2020**
01.08.2016	1,447,000	(2,156,300)	–	709,300	–
01.08.2017	1,437,000	–	–	–	1,437,000
14.12.2018	745,000	–	–	–	745,000
01.08.2019	700,000	–	–	–	700,000
	4,329,000	(2,156,300)	–	709,300	2,882,000

Adjustments due to the performance factor at the end of the performance period upon meeting stated performance targets.

Based on the Monte Carlo simulation model, the estimated weighted average fair values at the date of grant for each share granted during the year under the PSP is $3.52 (2019: $3.23).

For performance share grants with non-market conditions, the Group revises its estimates of the number of share grants expected to vest and corresponding adjustments are made to the income statement and share-based compensation reserve.

Under the PSP, eligible key executives are required to hold a portion of the shares released to them under a share ownership guideline which requires them to maintain a beneficial ownership stake in the Company, thus further aligning their interests with shareholders.

The number of contingent shares granted but not released as at 31 March 2020 were 1,718,300 (2019: 1,498,000) and 2,882,000 (2019: 3,629,000) for RSP and PSP respectively. Based on the achievement factor, the actual release of the awards is 1,718,300 (2019: 1,498,000) and zero to a maximum of 4,323,000 (2019: zero to maximum 5,443,500) fully-paid ordinary shares of the Company, for RSP and PSP respectively.

Directors' Statement

6. Audit Committee

The Audit Committee performed the functions specified in the Singapore Companies Act, Chapter 50. The functions performed are detailed in the Corporate Governance Report.

7. Internal Control Statement

Taking into account the views of the Audit Committee (AC) and Board Risk and Safety Committee (BRSC) in the exercise of their responsibilities under their respective terms of reference, the framework of management controls, the internal control policies and procedures established and maintained by the Group's Management, the reviews conducted by the internal and external auditors and the documented governance assurance, the Board is of the opinion that the systems of internal controls and risk management (addressing financial, operational, compliance and information technology controls) which the Group considers relevant and material to its current business scope and environment were adequate and effective as at the date of the 'Directors' Statement'. The AC concurs with the Board's opinions.

However, the Board also notes that no system of risk management and internal controls can provide absolute assurance in this regard, or absolute assurance against poor judgement in decision making, human error, losses, fraud or other irregularities.

8. Auditors

The auditors, KPMG, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors,

Euleen Goh Yiu Kiang
Chairman

Alexander Charles Hungate
Executive Director / President and Chief Executive Officer

Dated this 9 July 2020

Independent Auditors' Report

Members of the Company
SATS Ltd.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of SATS Ltd. (the "Company") and its subsidiaries (the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 March 2020, the consolidated income statement, consolidated statement of comprehensive income, statements of changes in equity and consolidated statement of cash flows of the Group and statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 96 to 194.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of goodwill

Refer to Note 2.15 'Impairment of non-financial and financial assets' and Note 3.4 'Impairment of non-financial assets' for relevant accounting policies and discussion of significant accounting estimates, and Note 16 'Intangible assets' for the key assumptions used in impairment testing of goodwill.

Independent Auditors' Report

The key audit matter	How the matter was addressed in our audit
The Group recognised goodwill of $112 million, $20 million, $115 million, $29 million and $22 million allocated to the SATS Food Services ("SFS"), TFK Corporation ("TFK"), Ground Team Red Holdings ("GTRH"), Nanjing Weizhou Airline Food Corp., Ltd ("NWA") and Monty's Bakehouse UK Limited ("MBUK") cash generating units ("CGUs") respectively as at 31 March 2020. These CGUs are tested for impairment annually. Management applies the value-in-use (discounted cash flow) method to determine the recoverable amount of each CGU. Any shortfall of the recoverable amounts against the carrying amounts would be recognised as impairment losses. The recoverable amounts are determined based on estimates of forecasted revenues, growth rates, profit margins, tax rates and discount rates. The global COVID-19 outbreak was declared by the World Health Organisation on 11 March 2020 to be a pandemic and many countries have put in place travel and passenger restrictions. These travel restrictions have resulted in a significant amount of economic uncertainty in the current and future economic environment in which the Group operates. The Group's near term cashflows have been negatively impacted due to global travel restrictions and the resultant global decrease in travel demand. The duration and severity of the crisis is dependent on events which are continuously unfolding and are beyond the control of the Group. As a result, there is a high degree of estimation uncertainty inherent in estimating the duration and severity of the economic downturn caused by the COVID-19 pandemic, and the pattern of any expected recovery. As a result, the estimates and assumptions used in the cashflow projections which form the basis of the recoverable amounts attributable to the CGUs require significant judgement. These judgements require estimates to be made over areas including those relating to forecasted revenues, growth rates, profit margins and discount rates for each CGUs and certain key aviation customers having to recapitalise for sustained operations post COVID-19 pandemic. The determination of the recoverable amounts is a key focus area for our audit.	We studied publicly available aviation industry reports relating to the impact COVID-19 pandemic has on the global aviation industry, to understand the possible recovery scenarios. We held discussions with senior management to understand the basis of the assumptions used in forming the estimates underpinning the assessment of the recoverable amount of the CGUs. These estimates include those relating to forecast revenues, growth rates, profit margins and discount rates. We challenged management's estimates applied in the value-in-use models based on our knowledge of the CGUs' operations, and compared them against historical forecasts and performance, regional indices and industry benchmarks. This included obtaining an understanding of management's planned strategies around business expansion, revenue stream growth strategies and cost initiatives, the progress of negotiations with target customers and the review of the secured and lost contracts. We performed sensitivity analyses to evaluate whether reasonable changes in the key assumptions for any of the Group's CGUs would cause the carrying amounts to exceed the recoverable amounts. This include considerations of the impact of the COVID-19 pandemic and the impact to the headroom, breakeven analysis or independently derived discount rates were applied. We assessed the arithmetical accuracy of the computations used in assessing the recoverable amount of the CGUs.

Findings

The COVID-19 pandemic has resulted in a significant amount of economic uncertainty in the current and future economic environment. The key estimates applied in the value-in-use models such as forecast revenues, growth rates, profit margins and discount rates are subject to significant amounts of volatility and uncertainty. Nevertheless, we found the estimates applied in the value-in-use models to be reasonable in the context of currently available relevant information as at 31 March 2020.

Impairment of associates and joint ventures

Refer to Note 2.15 'Impairment of non-financial and financial assets' and Note 3.4 'Impairment of non-financial assets' for relevant accounting policies and discussion of significant accounting estimates, and Note 18 'Investment in associates' and Note 19 'Investment in joint ventures' for details of accounting for associates and joint ventures.

The key audit matter	How the matter was addressed in our audit
The carrying value of associates and joint ventures amounted to $689 million, which accounted for 23% of the Group's total assets as at 31 March 2020. Management determines at the end of each reporting period the existence of any objective evidence that indicate the Group's investments in associates or joint ventures may be impaired. If there are indicators of impairment, a detailed impairment assessment would be performed and any deficit between the recoverable amount of the associate or joint venture and its carrying value would be recognised in profit or loss. The identification of different CGUs, assessment of indicators of impairment and where such indicators exist, the determination of the recoverable amounts of the CGUs require judgement. The determination of the recoverable amounts when value-in-use is applicable requires estimates of forecast revenues, growth rates, profit margins and discount rates. Due to the high degree of estimation uncertainty inherent in assessing the duration and severity of the economic downturn caused by the COVID-19 pandemic and the pattern of any expected recovery, the estimates and assumptions used in the cashflow projections to determine the recoverable amounts of the CGUs require significant judgement. This is a key area of focus for our audit.	We assessed the determination of the CGUs and the assessment of indicators of impairment based on our understanding of the nature of the Group's business and the economic environment in which its CGUs operate. We studied recent analyst market reports to obtain an understanding of the actual growth rates and outlook of the industries in which the CGUs operate, including the impact of COVID-19 pandemic has on the global aviation industry, to understand the possible recovery scenarios. We reviewed the CGUs' historical and current performances, and held discussions with management to understand their assessment of the future performance of the CGUs. Where indicators of impairment exist, we challenged management's forecasted revenues, growth rates, profit margins, tax rates and discount rates based on our knowledge of the CGUs' operations, and compared them against historical forecasts and performance, regional indices and industry benchmarks. This included obtaining an understanding of management's planned strategies around business expansion, revenue stream growth strategies and cost initiatives, the progress of negotiations with target customers and the review of secured and lost contracts. We performed sensitivity analyses to evaluate whether reasonable change in the key assumptions for any of the Group's CGUs would cause the carrying amounts to exceed the recoverable amounts. This include considerations of the impact of the COVID-19 pandemic and the impact to the headroom, breakeven analysis or independently derived discount rates were applied.

Findings

The COVID-19 pandemic has resulted in a significant amount of economic uncertainty in the current and future economic environment. Nevertheless, we found management's identification of CGUs and assessment of indicators of impairment to be appropriate. Where indicators of impairment existed, we found the estimates applied in the value-in-use models to be consistent with historical forecasts and reasonable in the context of currently available relevant information as at 31 March 2020.

Accounting for business combinations

Refer to Note 2.4 'Basis of consolidation and business combinations' and Note 2.5 'Subsidiaries, associates and joint ventures' for relevant accounting policies, refer to Note 3.5 'Consolidation; whether the Group has control over an investee' for details on the judgement applied and Note 17 'Investment in subsidiaries', Note 18 'Investment in associates' and Note 19 'Investment in joint ventures' for details of accounting for business combinations.

Independent Auditors' Report

The key audit matter	How the matter was addressed in our audit
As part of the Group's strategy in building connectivity and growing its business operations, the Group had made a number of business acquisitions and divestments during the financial year. These transactions were effected primarily by the transfer of cash or other assets, or incurring liabilities, in exchange for equity interests. Such transactions could be complex and judgement was required in determining if these acquisitions and divestments resulted in the Group either having control, joint control or significant influence over the investee upon completion of the transactions. There was also inherent uncertainty in the determination of the fair values of the deemed and contingent consideration, assets transferred, identifiable assets and liabilities acquired and assumed in the transactions.	We assessed the governance process over the determination of the appropriate accounting treatment to be adopted for acquisitions and divestments. We assessed management's processes for selection of the external valuers, the determination of the scope of work of the valuers, and the review and acceptance of the external valuation report. We considered management's methodology in arriving at the fair values of deemed and contingent consideration, assets transferred, identifiable assets and liabilities acquired and assumed in the transactions to determine if they were appropriate. We reviewed the sale and purchase agreements and other related documents in relation to the transactions to determine if the classification of the acquisitions as subsidiaries, joint ventures or associates was appropriate.

Findings

We observed that management has established governance processes over the determination of appropriate accounting treatment for acquisitions and divestments. The Group's acquisitions and divestments were appropriately classified.

Estimates used in the determination of the fair values of the deemed and contingent consideration, assets transferred, identifiable assets and liabilities acquired and assumed were supported appropriately.

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Lau Kam Yuen.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
9 July 2020

Consolidated Income Statement

for the financial year ended 31 March 2020

	Note	2019-20 $'000	2018-19 $'000
Revenue	4	**1,941,216**	1,828,019
Expenditure			
Staff costs	5	**(879,445)**	(874,011)
Cost of raw materials		**(346,127)**	(267,423)
Licence fees		**(84,596)**	(89,376)
Depreciation and amortisation charges		**(117,642)**	(84,874)
Company premise and utilities expenses		**(93,425)**	(113,241)
Other costs		**(193,756)**	(152,067)
		(1,714,991)	(1,580,992)
Operating profit	6	**226,225**	247,027
Interest on borrowings	7	**(7,599)**	(815)
Interest income	7	**3,860**	4,076
Share of results of associates/joint ventures, net of tax		**11,764**	58,929
Other non-operating loss, net	8	**(20,344)**	(1,507)
Profit before tax		**213,906**	307,710
Income tax expense	9	**(38,300)**	(51,480)
Profit for the year		**175,606**	256,230
Profit attributable to:			
Owners of the Company		**168,362**	248,408
Non-controlling interests		**7,244**	7,822
		175,606	256,230
Earnings per share (cents)			
Basic	10	**15.1**	22.3
Diluted	10	**15.0**	22.2

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Comprehensive Income

for the financial year ended 31 March 2020

	2019-20 $'000	2018-19 $'000
Profit for the year	**175,606**	256,230
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Actuarial loss on defined benefit plan	**(1,895)**	(392)
Items that are or may be reclassified subsequently to profit or loss:		
Net fair value changes on financial assets	**(48)**	77
Foreign currency translation differences	**7,944**	(7,808)
	7,896	(7,731)
Other comprehensive income for the year, net of tax	**6,001**	(8,123)
Total comprehensive income for the year	**181,607**	248,107
Total comprehensive income attributable to:		
Owners of the Company	**169,799**	241,065
Non-controlling interests	**11,808**	7,042
Total comprehensive income for the year	**181,607**	248,107

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Financial Position

as at 31 March 2020

		GROUP		COMPANY	
	Note	31.3.2020 $'000	31.3.2019 $'000	31.3.2020 $'000	31.3.2019 $'000
Equity attributable to owners of the Company					
Share capital	12	**367,947**	367,947	**367,947**	367,947
Treasury shares	12	**(26,017)**	(43,000)	**(26,017)**	(43,000)
Share-based compensation reserve	13	**9,504**	10,063	**9,504**	10,063
Statutory reserve	13	**12,076**	10,859	**–**	–
Foreign currency translation reserve	13	**(147,530)**	(150,701)	**–**	–
Revenue reserve		**1,426,096**	1,473,108	**1,307,292**	1,208,282
Other reserves	13	**(24,585)**	(19,045)	**(25,619)**	(20,108)
		1,617,491	1,649,231	**1,633,107**	1,523,184
Non-controlling interests	17	**188,032**	167,888	**–**	–
Total equity		**1,805,523**	1,817,119	**1,633,107**	1,523,184
Non-current assets					
Property, plant and equipment	14	**602,297**	579,163	**16,861**	33,784
Right-of-use assets	14	**205,957**	–	**67,037**	–
Investment properties	15	**1,039**	7,589	**201,036**	206,779
Intangible assets	16	**423,614**	350,551	**7,169**	3,628
Investment in subsidiaries	17	**–**	–	**775,173**	718,140
Investment in associates	18	**617,800**	621,507	**340,721**	337,382
Investment in joint ventures	19	**71,186**	102,445	**12,014**	12,014
Long-term investments	20	**27,705**	20,637	**6,060**	–
Loan to subsidiaries	17	**–**	–	**380,086**	299,392
Deferred tax assets	21	**13,678**	11,960	**–**	–
Other non-current assets	22	**15,041**	4,332	**–**	–
		1,978,317	1,698,184	**1,806,157**	1,611,119
Current assets					
Trade and other receivables	23	**385,964**	300,908	**96,917**	108,740
Prepayments and deposits		**23,049**	19,358	**1,585**	2,371
Amounts due from associates/joint ventures	18,19	**2,838**	5,286	**2,395**	3,735
Loan to subsidiaries	17	**–**	–	**–**	217
Inventories	24	**70,461**	24,315	**381**	383
Cash and short-term deposits	25	**549,205**	349,859	**375,386**	176,495
Assets of disposal groups classified as held for sale	26	**–**	10,519	**–**	7,564
		1,031,517	710,245	**476,664**	299,505

		GROUP		COMPANY	
	Note	31.3.2020 $'000	31.3.2019 $'000	31.3.2020 $'000	31.3.2019 $'000
Current liabilities					
Trade and other payables	27	**373,451**	322,608	**68,199**	204,654
Amounts due to associates/joint ventures	19	**10,450**	9,267	**–**	–
Income tax payable		**46,459**	57,287	**10,396**	13,132
Term loans	28	**112,405**	–	**100,000**	–
Loan from subsidiaries	17	**–**	–	**67,500**	38,500
Lease liabilities	30	**19,442**	146	**2,958**	–
		562,207	389,308	**249,053**	256,286
Net current assets		**469,310**	320,937	**227,611**	43,219
Non-current liabilities					
Deferred tax liabilities	21	**90,702**	87,614	**26,025**	26,549
Term loans	28	**102,430**	95,437	**102,430**	95,437
Note payables	29	**200,000**	–	**200,000**	–
Lease liabilities	30	**190,164**	149	**63,527**	–
Other payables	27	**58,808**	18,802	**8,679**	9,168
		642,104	202,002	**400,661**	131,154
Net assets		**1,805,523**	1,817,119	**1,633,107**	1,523,184

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

for the financial year ended 31 March 2020

GROUP	Note	Share Capital	Treasury Shares	Share-Based Compensation Reserve	Statutory Reserve*	Foreign Currency Translation Reserve	Revenue Reserve	Capital Reserve	Gain/(Loss) on Reissuance of Treasury Shares	Fair Value Reserve	Total	Non-controlling Interests	Total Equity
		Attributable to owners of the Company											
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 April 2019		367,947	(43,000)	10,063	10,859	(150,701)	1,473,108	1,072	(20,108)	(9)	1,649,231	167,888	1,817,119
Profit for the year		–	–	–	–	–	168,362	–	–	–	168,362	7,244	175,606
Other comprehensive income for the year		–	–	–	–	3,171	(1,705)	–	–	(29)	1,437	4,564	6,001
Total comprehensive income for the year		–	–	–	–	3,171	166,657	–	–	(29)	169,799	11,808	181,607
Contributions by and distributions to owners													
Share-based payment		–	–	10,756	–	–	–	–	–	–	10,756	–	10,756
Treasury shares reissued pursuant to equity compensation plans		–	16,983	(11,315)	–	–	–	–	(5,511)	–	157	–	157
Dividends, net	11	–	–	–	–	–	(212,452)	–	–	–	(212,452)	–	(212,452)
Total contributions by and distributions to owners		–	16,983	(559)	–	–	(212,452)	–	(5,511)	–	(201,539)	–	(201,539)
Others													
Acquisition of subsidiaries		–	–	–	–	–	–	–	–	–	–	14,675	14,675
Capital contributions from non-controlling interests		–	–	–	–	–	–	–	–	–	–	451	451
Disposal of subsidiary		–	–	–	–	–	–	–	–	–	–	(1,118)	(1,118)
Dividends paid to non-controlling interests		–	–	–	–	–	–	–	–	–	–	(5,672)	(5,672)
Transfer to statutory reserve		–	–	–	1,217	–	(1,217)	–	–	–	–	–	–
Balance at 31 March 2020		367,947	(26,017)	9,504	12,076	(147,530)	1,426,096	1,072	(25,619)	(38)	1,617,491	188,032	1,805,523

* Certain countries in which some of the associates are incorporated legally require statutory reserves to be set aside. The laws of the countries restrict the distribution and use of these statutory reserves.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

for the financial year ended 31 March 2020

GROUP	Note	Attributable to owners of the Company											
		Share Capital	Treasury Shares	Share-Based Compensation Reserve	Statutory Reserve*	Foreign Currency Translation Reserve	Revenue Reserve	Capital Reserve	Gain/(Loss) on Reissuance of Treasury Shares	Fair Value Reserve	Total	Non-controlling Interests	Total Equity
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 April 2018		367,947	(32,814)	15,004	9,230	(143,410)	1,430,950	1,072	(13,819)	(79)	1,634,081	132,535	1,766,616
Profit for the year		–	–	–	–	–	248,408	–	–	–	248,408	7,822	256,230
Other comprehensive income for the year		–	–	–	–	(7,291)	(122)	–	–	70	(7,343)	(780)	(8,123)
Total comprehensive income for the year		–	–	–	–	(7,291)	248,286	–	–	70	241,065	7,042	248,107
Contributions by and distributions to owners													
Share-based payment		–	–	6,636	–	–	–	–	–	–	6,636	–	6,636
Share options lapsed		–	–	(70)	–	–	70	–	–	–	–	–	–
Treasury shares reissued pursuant to equity compensation plans		–	18,826	(11,507)	–	–	–	–	(6,289)	–	1,030	–	1,030
Purchase of treasury shares		–	(29,012)	–	–	–	–	–	–	–	(29,012)	–	(29,012)
Dividends, net	11	–	–	–	–	–	(200,941)	–	–	–	(200,941)	–	(200,941)
Total contributions by and distributions to owners		–	(10,186)	(4,941)	–	–	(200,871)	–	(6,289)	–	(222,287)	–	(222,287)
Others													
Acquisition of balance non-controlling interest in a subsidiary		–	–	–	–	–	(3,628)	–	–	–	(3,628)	(12,504)	(16,132)
Recognition of non-controlling interest due to re-assessment of investment in GTR entities		–	–	–	–	–	–	–	–	–	–	46,772	46,772
Capital contributions from non-controlling interests		–	–	–	–	–	–	–	–	–	–	3,743	3,743
Dividends paid to non-controlling interests		–	–	–	–	–	–	–	–	–	–	(9,700)	(9,700)
Transfer to statutory reserve		–	–	–	1,629	–	(1,629)	–	–	–	–	–	–
Balance at 31 March 2019		367,947	(43,000)	10,063	10,859	(150,701)	1,473,108	1,072	(20,108)	(9)	1,649,231	167,888	1,817,119

* Certain countries in which some of the associates are incorporated legally require statutory reserves to be set aside. The laws of the countries restrict the distribution and use of these statutory reserves.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

for the financial year ended 31 March 2020

COMPANY	Note	Share Capital	Treasury Shares	Share-Based Compensation Reserve	Revenue Reserve	Gain/(Loss) on Reissuance of Treasury Shares	Total Equity
		$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 April 2019		367,947	(43,000)	10,063	1,208,282	(20,108)	1,523,184
Profit for the year		–	–	–	311,462	–	311,462
Total comprehensive income for the year		–	–	–	311,462	–	311,462
Contributions by and distributions to owners							
Share-based payment		–	–	10,756	–	–	10,756
Treasury shares reissued pursuant to equity compensation plans		–	16,983	(11,315)	–	(5,511)	157
Dividends, net	11	–	–	–	(212,452)	–	(212,452)
Total contributions by and distributions to owners		–	16,983	(559)	(212,452)	(5,511)	(201,539)
Balance at 31 March 2020		367,947	(26,017)	9,504	1,307,292	(25,619)	1,633,107

COMPANY	Note	Share Capital	Treasury Shares	Share-Based Compensation Reserve	Revenue Reserve	Gain/(Loss) on Reissuance of Treasury Shares	Total Equity
		$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 April 2018		367,947	(32,814)	15,004	1,159,596	(13,819)	1,495,914
Profit for the year		–	–	–	249,557	–	249,557
Total comprehensive income for the year		–	–	–	249,557	–	249,557
Contributions by and distributions to owners							
Share-based payment		–	–	6,636	–	–	6,636
Share options lapsed		–	–	(70)	70	–	–
Treasury shares reissued pursuant to equity compensation plans		–	18,826	(11,507)	–	(6,289)	1,030
Purchase of treasury shares		–	(29,012)	–	–	–	(29,012)
Dividends, net	11	–	–	–	(200,941)	–	(200,941)
Total contributions by and distributions to owners		–	(10,186)	(4,941)	(200,871)	(6,289)	(222,287)
Balance at 31 March 2019		367,947	(43,000)	10,063	1,208,282	(20,108)	1,523,184

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Cash Flows

for the financial year ended 31 March 2020

	Note	2019-20 $'000	2018-19 $'000
Cash flows from operating activities			
Profit before tax		**213,906**	307,710
Adjustments for:			
Interest expenses/(income), net		**3,739**	(3,261)
Depreciation and amortisation charges		**117,642**	84,874
Unrealised foreign exchange gain		**(988)**	(1,600)
Share of results of associates/joint ventures, net of tax		**(11,764)**	(58,929)
Loss on disposal of property, plant and equipment		**1,757**	486
Write-back of earn-out consideration		**–**	(11,600)
Impairment loss on investment in associates		**11,900**	11,600
Impairment loss and write-off of property, plant and equipment	14	**6,772**	–
Share-based payment expense	5	**10,756**	6,636
Other non-cash items		**(81)**	430
Operating cash flows before working capital changes		**353,639**	336,346
Changes in working capital:			
(Increase)/decrease in receivables		**(49,147)**	19,209
Increase in prepayments and deposits		**(17,527)**	(2,471)
Increase in inventories		**(10,557)**	(1,884)
Increase/(decrease) in payables		**28,312**	(12,091)
(Increase)/decrease in amounts due from/to associates/joint ventures, net		**(156)**	5,093
Cash generated from operations		**304,564**	344,202
Interest paid to third parties		**(7,652)**	(483)
Income taxes paid		**(52,964)**	(48,052)
Net cash from operating activities		**243,948**	295,667
Cash flows from investing activities			
Capital expenditure	25	**(75,644)**	(87,640)
Dividends from associates/joint ventures		**32,822**	39,146
Purchases of long-term investments		**(6,060)**	–
Net cash flow arising from reclassification of joint venture to subsidiary	17	**–**	12,975
Net proceeds from sale of investments		**3,418**	–
Proceeds from disposal of property, plant and equipment		**645**	1,172
Investments in subsidiaries, net of cash acquired		**(52,924)**	–
Investment in associates/joint ventures		**(23,425)**	(25,016)
Acquisition of non-controlling interest in a subsidiary		**–**	(16,132)
Interest received from deposits		**3,858**	3,138
Net cash used in investing activities		**(117,310)**	(72,357)
Cash flows from financing activities			
Repayment of term loans	28	**(3,594)**	(9,789)
Repayment of lease liabilities	28	**(17,145)**	(255)
Proceeds from borrowings	28	**304,930**	–
Proceeds from exercise of share options		**–**	1,030
Dividends paid	11	**(212,452)**	(200,941)
Purchase of treasury shares		**–**	(29,012)
Capital contributions from non-controlling interests		**451**	3,743
Dividends paid to non-controlling interests		**(5,672)**	(9,700)
Net cash from/(used in) financing activities		**66,518**	(244,924)
Net increase/(decrease) in cash and cash equivalents		**193,156**	(21,614)
Effect of exchange rate changes		**6,190**	(1,805)
Cash and cash equivalents at beginning of financial year		**349,859**	373,278
Cash and cash equivalents at end of financial year	25	**549,205**	349,859

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes to the Financial Statements

31 March 2020

The consolidated financial statements for the financial year ended 31 March 2020 were authorised for issue in accordance with a resolution of the Directors on 9 July 2020.

1. General

SATS Ltd. (the "**Company**" or "**SATS**") is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited ("**SGX-ST**").

The registered office and principal place of business of the Company is located at 20 Airport Boulevard, SATS Inflight Catering Centre 1, Singapore 819659.

The Company is principally an investment holding company. Its other activities include rental of premises and provision of management services to related companies.

The principal activities of the subsidiaries are disclosed in Note 17 to the financial statements.

2. Summary of Significant Accounting Policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)).

This is the first set of the Group's annual financial statements in which SFRS(I) 16 *Leases* has been applied. The related changes to significant accounting policies are described in Note 2.2.

The financial statements are presented in Singapore Dollars ($ or SGD) and all values in the tables are rounded to the nearest thousand ($'000), unless otherwise indicated.

2.2 Changes in accounting policies

New standards and amendments

The Group has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual period beginning on 1 April 2019:

- SFRS(I) 16 *Leases*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*
- Amendments to SFRS(I) 1-28 – *Long-term Interests in Associates and Joint Ventures*
- Amendments to SFRS(I) 9 – *Prepayment Features with Negative Compensation*
- Amendments to SFRS(I) 3 – *Business Combinations and SFRS(I) 11 – Joint Arrangements – Previously Held Interest in a Joint Operation*
- Amendments to SFRS(I) 1-12 – *Income Tax Consequences of Payments on Financial Instruments Classified as Equity*
- Amendments to SFRS(I) 1-23 – *Borrowing Costs Eligible for Capitalisation*
- Amendments to SFRS(I) 1-19 – *Plan Amendment, Curtailment or Settlement*

Other than SFRS(I) 16, the application of these amendments to standards and interpretations does not have a material effect on the financial statements.

2. Summary of Significant Accounting Policies (cont'd)

2.2 Changes in accounting policies (cont'd)

New standards and amendments (cont'd)

SFRS(I) 16 *Leases*

The Group applied SFRS(I) 16 using the modified retrospective approach, under which the amount of right-of-use assets recognised is equal to the lease liabilities as at 1 April 2019. Accordingly, the comparative information presented for 2019 is not restated – i.e. it is presented, as previously reported, under SFRS(I) 1-17 *Leases* and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in SFRS(I) 16 have not generally been applied to comparative information.

Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*. The Group now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in SFRS(I) 16.

On transition to SFRS(I) 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied SFRS(I) 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under SFRS(I) 1-17 and SFRS(I) INT 4 were not reassessed for whether there is a lease under SFRS(I) 16. Therefore, the definition of a lease under SFRS(I) 16 was applied only to contracts entered into or changed on or after 1 April 2019.

As a lessee

As a lessee, the Group leases many assets including Leasehold Land and Building, Office Fittings & Fixtures, Ground Support Equipment and Office and Commercial Equipment. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under SFRS(I) 16, the Group recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price. However, for leases of property the Group has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

Leases classified as operating leases under SFRS(I) 1-17

Previously, the Group classified property leases as operating leases under SFRS(I) 1-17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the respective lessee entities incremental borrowing rates applicable to the leases as at 1 April 2019. Right-of-use assets are measured at either:

- their carrying amount as if SFRS(I) 16 had been applied since the commencement date, discounted using the Group's incremental borrowing rate at the date of initial application; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments: the Group applied this approach to all leases.

Notes to the Financial Statements

31 March 2020

2. Summary of Significant Accounting Policies (cont'd)

2.2 Changes in accounting policies (cont'd)

New standards and amendments (cont'd)

Leases classified as operating leases under SFRS(I) 1-17 (cont'd)

The Group has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Group used a number of practical expedients when applying SFRS(I) 16 to leases previously classified as operating leases under SFRS(I) 1-17. In particular, the Group:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets (e.g. IT equipment);
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

Leases classified as finance leases under SFRS(I) 1-17

The Group leases a number of items of production equipment. These leases were classified as finance leases under SFRS(I) 1-17. For these finance leases, the carrying amount of the right-of-use asset and the lease liability at 1 April 2019 were determined at the carrying amount of the lease asset and lease liability under SFRS(I) 1-17 immediately before that date.

As a lessor

The Group leases out its investment property and has classified these leases as operating leases.

The Group is not required to make any adjustments on transition to SFRS(I) 16 for leases in which it acts as a lessor.

Impact on financial statements

On transition to SFRS(I) 16, the Group recognised right-of-use assets and lease liabilities which was partially offset by prepayments made. The impact on transition is summarised below.

	1 April 2019 $'000
Right-of-use assets – property, plant and equipment	184,180
Prepayments	(2,179)
Lease liabilities	(182,001)

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 April 2019. The weighted-average rate applied is 1.2% – 5.5%.

2. Summary of Significant Accounting Policies (cont'd)

2.2 Changes in accounting policies (cont'd)

New standards and amendments (cont'd)

Impact on financial statements (cont'd)

	1 April 2019 $'000
Operating lease commitments at 31 March 2019 as disclosed under SFRS(I) 1-17 in the Group's consolidated financial statements	256,638
Discounted using the incremental borrowing rate at 1 April 2019	192,818
Finance lease liabilities recognised as at 31 March 2019	295
– Recognition exemption for leases of low-value assets	(91)
– Recognition exemption for leases with less than 12 months of lease term at transition	(10,271)
– Adjustment as a result of different treatment in renewal options	(455)
Lease liabilities recognised at 1 April 2019	182,296

2.3 Standards issued but not yet effective

A number of new standards interpretations and amendments to standards are effective for annual periods beginning after 1 April 2020 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new SFRS(I)s, interpretations and amendments to SFRS(I)s are not expected to have a significant impact on the Group's consolidated financial statements and the Company's statement of financial position.

- *Amendments to References to Conceptual Framework in SFRS(I)s Standards*
- *Definition of a Business* (Amendments to SFRS(I) 3)
- *Definition of Material* (Amendments to SFRS(I) 1-1 and SFRS(I) 1-8)
- SFRS(I) 17 *Insurance Contracts*

2.4 Basis of consolidation and business combinations

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Notes to the Financial Statements

31 March 2020

2. Summary of Significant Accounting Policies (cont'd)

2.4 Basis of consolidation and business combinations (cont'd)

Basis of consolidation (cont'd)

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss; and
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or revenue reserve, as appropriate.

Business combinations

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by SFRS(I)s.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2.10. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

2.5 Subsidiaries, associates and joint ventures

Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's balance sheet, investments in subsidiaries are accounted for at cost less impairment losses.

2. Summary of Significant Accounting Policies (cont'd)

2.5 Subsidiaries, associates and joint ventures (cont'd)

Associates and joint ventures

An associate is an entity over which the Group has significant influence, but not control or joint control over the financial and operating policy decisions of the investee.

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, where the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control and the joint arrangement provides the Group with rights to the net assets of the arrangement.

The Group accounts for its investment in associates and joint ventures using the equity method from the date on which it becomes an associate or joint venture.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities represents goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate or joint venture's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associates or joint ventures is carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates or joint ventures. The profit or loss reflects the share of the results of the operations of the associates or joint ventures. Distributions received from the associates or joint ventures reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates or joint ventures, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associates or joint ventures are eliminated to the extent of the interests in the associates or joint ventures.

When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates or joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in profit or loss.

Upon loss of significant influence or joint control over the associate or joint venture, the Group measures the retained interest at fair value. Any difference between the fair value of the aggregate of the retained interest and proceeds from disposal against the carrying amount of the investment at the date the equity method was discontinued is recognised in profit or loss.

The most recently available audited financial statements of the associates and joint ventures are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and unaudited management financial statements to the end of the accounting period. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Notes to the Financial Statements

31 March 2020

2. Summary of Significant Accounting Policies (cont'd)

2.6 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.7 Foreign currency

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Foreign currency differences arising on translation are generally recognised in profit or loss. However, foreign currency differences arising from the translation of a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective.

Consolidated financial statements

For consolidation purposes, the assets and liabilities of foreign operations including goodwill and fair value adjustments arising on acquisition are translated into Singapore Dollars at exchange rates at the reporting date and their profit or loss are translated at exchange rates at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

2.8 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment other than freehold land and buildings are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 2.20. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

2. Summary of Significant Accounting Policies (cont'd)

2.8 Property, plant and equipment (cont'd)

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the year the asset is de-recognised.

The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located.

Property, plant and equipment are depreciated on a straight-line basis at rates which are calculated to write-down their costs to their estimated residual values at the end of their operational lives. Operational lives and residual values are reviewed annually in the light of experience and changing circumstances, and adjusted as appropriate at each balance sheet date. The estimated useful lives are as follows:

Freehold buildings	–	50 to 55 years
Leasehold land and buildings	–	according to the lease period or 30 years whichever is the shorter
Office fittings and fixtures, office and commercial equipment, fixed and mobile ground support equipment	–	1 to 12 years
Motor vehicles	–	1 to 10 years

Assets under construction included in plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

2.9 Investment properties

Investment properties are properties that are either owned by the Group that are held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties.

Investment properties are stated at cost, net of depreciation and any accumulated impairment losses. Depreciation is provided on the straight-line basis so as to write off the cost of the investment properties over its estimated useful lives of 10 to 30 years. Operational lives and residual values are reviewed annually in the light of experience and changing circumstances, and adjusted as appropriate at each balance sheet date.

Investment properties are de-recognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. Transfers between investment property and owner-occupied property do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

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2. Summary of Significant Accounting Policies (cont'd)

2.10 Intangible assets

Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating units to which goodwill has been allocated are tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operation disposed of and the portion of the cash-generating unit retained.

Other intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The Group and Company do not have other intangible assets with indefinite useful life.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when the asset is de-recognised.

a) Software development

Software development is stated at cost less accumulated amortisation and impairment losses, if any. The cost is amortised using the straight-line method over the estimated useful life of 3 to 5 years.

b) Licences

Licences comprise the abattoir licence which was acquired in a business combination. The abattoir licence is amortised on a straight-line basis over its estimated useful life of 14 years.

2. Summary of Significant Accounting Policies (cont'd)

2.10 Intangible assets (cont'd)

Other intangible assets (cont'd)

c) Customer relationships

Customer relationships were acquired in business combinations. The customer relationships are amortised on a straight-line basis over its estimated useful life of 10 to 15 years.

2.11 Financial assets

(i) Recognition and initial measurement

Trade receivables and debt investments are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instruments.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity investments at FVOCI

On initial recognition of an equity investment that is not held-for-trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

Notes to the Financial Statements

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2. Summary of Significant Accounting Policies (cont'd)

2.11 Financial assets (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice;
- how the performance of the respective financial assets is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model and how those risks are managed; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held-for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

2. Summary of Significant Accounting Policies (cont'd)

2.11 Financial assets (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Non-derivative financial assets

Subsequent measurement and gains and losses

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income (OCI) and are never reclassified to profit or loss.

(iii) De-recognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

(iv) Derivatives and hedge accounting

Derivatives are used to manage exposures to foreign exchange, interest rate risks arising from operational, financing and investment activities. Derivatives are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as FVTPL. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value and any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

Where derivatives qualify for hedge accounting, at inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other. The Group's accounting policy for Hedges of a Net Investment is set out in Note 2.25.

Hedging relationships designated under FRS 39 that were still existing as at 31 March 2018 are treated as continuing hedges and hedge documentations were aligned accordingly to the requirements of SFRS(I) 9.

Notes to the Financial Statements

31 March 2020

2. Summary of Significant Accounting Policies (cont'd)

2.12 Inventories

Inventories, which consist mainly of equipment spare parts and food supplies, are stated at the lower of cost and net realisable value. Costs are determined using the weighted average cost basis, and comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

2.13 Cash and short-term deposits

Cash and short-term deposits comprise cash balances and highly liquid fixed deposits that are readily converted to known amounts of cash and are subject to an insignificant risk of change in fair value.

For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash on hand and short-term deposits in banks, net of outstanding bank overdrafts.

2.14 Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. A component of the Group is classified as a 'discontinued operation' when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations.

2.15 Impairment of non-financial and financial assets

(i) Non-derivative financial assets

The Group recognises loss allowances for expected credit losses ("ECLs") on:

- financial assets measured at amortised costs;
- intra-group financial guarantee contracts.

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables and contract assets. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

2. Summary of Significant Accounting Policies (cont'd)

2.15 Impairment of non-financial and financial assets (cont'd)

(i) Non-derivative financial assets (cont'd)

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments and FGCs. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Group considers a contract asset to be in default when the customer is unlikely to pay its contractual obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Notes to the Financial Statements

31 March 2020

2. Summary of Significant Accounting Policies (cont'd)

2.15 Impairment of non-financial and financial assets (cont'd)

(i) Non-derivative financial assets (cont'd)

Credit-impaired financial assets (cont'd)

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(ii) Non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in profit or loss.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2. Summary of Significant Accounting Policies (cont'd)

2.16 Financial liabilities

(i) Initial recognition, classification, subsequent measurement and gains and losses

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. These financial liabilities comprised term loans, bank overdrafts, and trade and other payables.

(ii) De-recognition

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the statements of financial position, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.17 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) where, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance costs.

Notes to the Financial Statements

31 March 2020

2. Summary of Significant Accounting Policies (cont'd)

2.18 Leases

The Group has applied SFRS(I) 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under SFRS(I) 1-17 and SFRS(I) INT 4. The details of accounting policies under SFRS(I) 1-17 and SFRS(I) INT 4 are disclosed separately.

Policy applicable from 1 April 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in SFRS(I) 16.

This policy is applied to contracts entered into, on or after 1 April 2019.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

2. Summary of Significant Accounting Policies (cont'd)

2.18 Leases (cont'd)

Policy applicable from 1 April 2019 (cont'd)

(i) As a lessee (cont'd)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies SFRS(I) 15 *Revenue from Contracts with Customers* to allocate the consideration in the contract.

The Group recognises lease payments received from investment property under operating leases as income on a straight-line basis over the lease term as part of 'revenue'. Rental income from sub-leased property is recognised as "other income".

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from SFRS(I) 16 except for the classification of the sub-lease entered into during current reporting period that resulted in a finance lease classification.

Notes to the Financial Statements

31 March 2020

2. Summary of Significant Accounting Policies (cont'd)

2.18 Leases (cont'd)

Policy applicable before 1 April 2019

For contracts entered into before 1 April 2019, the Group determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
  - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
  - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
  - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

(i) As a lessee

In the comparative period, as a lessee, the Group classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Group's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

(ii) As a lessor

When the Group acted as a lessor, it determined at lease inception whether each lease was a finance lease or an operating lease.

To classify each lease, the Group made an overall assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset. If this was the case, then the lease was a finance lease; if not, then it was an operating lease. As part of this assessment, the Group considered certain indicators such as whether the lease was for the major part of the economic life of the asset.

Rental income from investment property is recognised as "revenue" on a straight-line basis over the term of the lease. Rental income from sub-leased property is recognised as "other income".

2. Summary of Significant Accounting Policies (cont'd)

2.19 Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided, using the liability method on temporary differences at the end of reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

– Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction affects neither the accounting profit nor taxable profit or loss; and

– In respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

– Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– In respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Notes to the Financial Statements

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2. Summary of Significant Accounting Policies (cont'd)

2.19 Taxes (cont'd)

Deferred tax (cont'd)

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or in profit or loss.

Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

– Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

– Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.20 Borrowing costs

Borrowing costs are capitalised as part of the cost of qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditure and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.21 Employee benefits

Equity compensation plans

The Group has in place an Employee Share Option Plan (the "Plan") for the granting of share options to senior executives and all other employees to subscribe for ordinary shares in the Company. The exercise price approximates the market value of the ordinary shares on the date of grant.

The Group has also implemented the Restricted Share Plan and Performance Share Plan for awarding of fully paid ordinary shares to key senior management and senior executives, when and after pre-determined performance or service conditions are accomplished. Details of the plans are disclosed in Note 12 to the financial statements.

2. Summary of Significant Accounting Policies (cont'd)

2.21 Employee benefits (cont'd)

Equity compensation plans (cont'd)

The cost of the above equity-settled transactions with employees is measured by reference to the fair value of the options or awards at the date on which the share options or awards are granted. In valuing the share options, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company.

This cost is recognised in profit or loss, with a corresponding increase in the share-based compensation reserve, over the vesting period in which the service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date. At each balance sheet date, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share-based compensation reserve over the remaining vesting period.

No expense is recognised for options or awards that do not ultimately vest, except for options or awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied.

The share-based compensation reserve is transferred to revenue reserve upon cancellation or expiry of the vested options or awards. When the options are exercised or awards are released, the share-based compensation reserve is transferred to share capital if new shares are issued, or to treasury shares if the options are satisfied by the reissuance of treasury shares.

Defined contribution plans

The Group participates in national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund ("CPF") scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

Defined benefit plan

The Group has defined benefit plan in one of its overseas subsidiaries but the amount is not significant and is included under other payables (non-current).

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation (derived using a discount rate based on high quality corporate bonds) at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plan is determined separately for each plan using the projected unit credit method.

Notes to the Financial Statements

31 March 2020

2. Summary of Significant Accounting Policies (cont'd)

2.21 Employee benefits (cont'd)

Defined benefit plan (cont'd)

Defined benefit costs comprise the following:

- Service cost;
- Net interest on the net defined benefit liability or asset; and
- Remeasurements of net defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognised as expense in profit or loss. Past service costs are recognised when plan amendment or curtailment occurs.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on high quality corporate bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognised as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognised immediately in other comprehensive income in the period in which they arise. Remeasurements are recognised in retained earnings within equity and are not reclassified to profit or loss in subsequent periods.

2.22 Revenue

Goods and services sold

Revenue from sale of goods and services in the ordinary course of business is recognised when the Group satisfies a performance obligation (PO) by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised goods or services. The individual standalone selling price of a good or service that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to goods and/or services with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the performance obligations if it relates specifically to those POs.

The transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised goods or services. The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes a significant financing component. Consideration payable to a customer is deducted from the transaction price if the Group does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue may be recognised at a point in time or over time following the timing of satisfaction of the PO. If a PO is satisfied over time, revenue is recognised based on the percentage of completion reflecting the progress towards complete satisfaction of that PO.

2. Summary of Significant Accounting Policies (cont'd)

2.22 Revenue (cont'd)

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms.

Dividend income

Dividend income from investments is recognised when the Group's right to receive payment is established.

Interest income

Interest income from investments and fixed deposits is recognised using the effective interest rate method.

2.23 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

Government grants receivable are recognised as income over the period necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expense are offset against the related expenses.

2.24 Treasury shares

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity (Note 12). No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

2.25 Hedges of a net investment

The Group uses loans as a hedge of its exposure to foreign exchange risk on its investments in foreign subsidiaries. For more details, refer to Note 28.

When a derivative instrument or a non-derivative financial liability is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of, for a derivative, changes in the fair value of the hedging instrument or, for a non-derivative, foreign exchange gains and losses is recognised in OCI and presented in the translation reserve within equity. Any ineffective portion of the changes in the fair value of the derivative or foreign exchange gains and losses on the non-derivative is recognised immediately in profit or loss. The amount recognised in other comprehensive income is reclassified to profit or loss as a reclassification adjustment on disposal of the foreign operation.

2.26 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the senior management of the Group. The senior management are responsible for allocating resources and assessing performance of the operating segments. Additional disclosures on each of these segments are shown in Note 36, including the factors used to identify the reportable segments and the measurement basis of segment information.

Notes to the Financial Statements

31 March 2020

2. Summary of Significant Accounting Policies (cont'd)

2.27 Related parties

A related party is defined as follows:

(i) A person or a close member of that person's family is related to the Group and Company if that person:

(a) has control or joint control over the Company;

(b) has significant influence over the Company; or

(c) is a member of the key management personnel of the Group or Company or of a parent of the Company.

(ii) An entity is related to the Group and the Company if any of the following conditions applies:

(a) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(b) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(c) both entities are joint ventures of the same third party;

(d) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(e) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;

(f) the entity is controlled or jointly controlled by a person identified in (i); or

(g) a person identified in (i)(a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3. Significant Accounting Estimates and Judgements

The preparation of the financial statements in conformity with SFRS(I) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements and information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are discussed below.

3. Significant Accounting Estimates and Judgements (cont'd)

3.1 Income taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax provisions already recorded.

The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the relevant tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective company's domicile.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

3.2 Useful lives of property, plant and equipment and investment properties

The Group reviews the useful lives of property, plant and equipment and investment properties, in accordance with the accounting policies stated in Note 2.8 and Note 2.9 respectively.

Judgement is required in determining the useful lives of property, plant and equipment and investment properties. In determining useful lives, which is based on the period over which an asset is expected to be available for efficient use, the Group considers factors like insurance coverage requirement, maintenance and repair cost, technical or commercial obsolescence, the asset replacement policy and legal or similar limits to the use of the property, plant and equipment and investment properties.

3.3 Employee compensation plans

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 12.

3.4 Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing the asset. The value in use for calculation is based on a discounted cash flow model. The cash flows are derived from the forecast for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash-generating unit being tested.

The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

Further details of the key assumptions applied in the impairment assessment of goodwill are given in Note 16 to the financial statements.

Notes to the Financial Statements

31 March 2020

3. Significant Accounting Estimates and Judgements (cont'd)

3.5 Consolidation; whether the Group has control over an investee

In determining whether the Group has control over an investee requires management judgement. In exercising its judgement, management considers the proportion of its ownership interest and voting rights, the Group's decision making authority over the investee, as well as the Group's overall exposure to variable returns.

Consolidation of Nanjing Weizhou Airline Food Corp., Ltd. ("NWA")

During the year, through its wholly-owned subsidiary, SATS China Co. Ltd., acquired 50% equity interest in Nanjing Weizhou Airline Food Corp., Ltd. The investment in NWA has been accounted as a subsidiary as the Group has, through its majority board control, significant control and ability to exercise its power over NWA to affect its returns from its involvement with NWA.

3.6 Business impact and financial implications of the COVID-19 Pandemic

The COVID-19 pandemic has significantly impacted the aviation industry with the cancellation of many international and regional flights by airlines and lockdown of various countries around the world. This has led to a sharp reduction in aviation passenger volumes and has an immediate and direct impact on the profitability for the Group.

In addition to the loss in revenue, the Group has also considered the impact of COVID-19 pandemic in the following areas:

(i) Accounting for government assistance grants

In view of the economic impact of the COVID-19 pandemic to the companies in Singapore, the Singapore Government has announced a series of reliefs in the Singapore 2020 Budget (and subsequent supplementary Budgets) to help ease the cost pressures of the Singapore companies. A significant portion of the reliefs comes under the Jobs Support Scheme ("JSS") whereby the Singapore Government provide wage support to employers to help them retain their local employees during this period of economic uncertainty.

Consequently, in May 2020, the Institute of Singapore Chartered Accountants has issued a Financial Reporting Bulletin 6 ("FRB 6"), *COVID-19 Government Relief Measures: Accounting for the grant provided by the Singapore Government for wages paid to local employees under the Jobs Support Scheme*, where it provides accounting guidance and key consideration in accounting for the government grants that were given by the Government. In line with SFRS(I) 1-20 *Accounting for Government Grants and Disclosures of Government Assistance*, government grant is recognised (i) when there is reasonable assurance that it will comply with the conditions attached to them and the grants will be received; and (ii) it shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate.

Significant judgement is required in determining the systematic basis, and timing of recognition of grant receivable and realisation to profit or loss. In determining the timing of recognition of the government grants, management has evaluated and assessed that the accounting period for the economic uncertainty that impacted the Group commenced from February 2020 and ending in December 2020. For the financial year ended 31 March 2020, the Group recorded a total of government grants amounting to $23.7 million (2019: $4.6 million) as a credit to staff costs (Note 5) in line with the intention of the grants to defray such expenses.

(ii) Impairment assessment and asset valuations

Given the pervasiveness of COVID-19 pandemic, the Group's management has considered and estimated the impact of COVID-19 pandemic by reviewing the impairment assessment of the Group's significant CGUs in light of the economic and market conditions. Significant judgement is required in determining the recoverable amount of the investments which is subject to a high degree of estimation uncertainty in assessing the duration and severity of the economic downturn caused by the pandemic and recovery of air travel demand. A total of $11.9 million of impairment losses were recorded for investments in associates that are significantly impacted by the COVID-19 pandemic.

The Group has also carried out a review on the recoverability of its property, plant and equipment that are impacted by COVID-19 pandemic. A total impairment loss of $2.3 million and net write-off of $4.4 million were recorded in the income statement (Note 8).

3. Significant Accounting Estimates and Judgements (cont'd)

3.6 Business impact and financial implications of the COVID-19 Pandemic (cont'd)

(iii) Estimated credit losses

With the recent COVID-19 pandemic resulting in economic uncertainties and weakened financial positions in the aviation sector, certain airlines may potentially face the need to recapitalise and establish refinancing and capitalisation plans. The estimates on ECL have included the expected effects that pandemic may have on the recoverability of the Group's receivables from the airline customers (Note 33). Management has made a provision for the amount due from those airlines with a sign of financial distress but without a concrete recapitalisation or refinancing and capitalisation plan up to the date of these financial statements.

(iv) Solvency and liquidity

The Group's earnings and operating cashflows will face headwinds from the impact of COVID-19 pandemic and the Group is carefully managing its expenditure in this difficult environment. As at 31 March 2020, the Group has a cash balance of $549.2 million (2019: $349.9 million) giving a debt-equity ratio of 0.39. This has further strengthened its balance sheet hence allowing the Group to weather the impact from COVID-19 pandemic. In addition, the Group maintains access to undrawn credit facilities and debt capital markets and has financial resources to meet its obligations when they fall due.

4. Revenue

The Group recognises revenue from the following sources:

	GROUP	
	2019-20 $'000	2018-19 $'000
Food Solutions	**1,070,477**	988,197
Gateway Services	**868,812**	837,759
Others (rental and other services)	**1,927**	2,063
	1,941,216	1,828,019

Revenue is measured based on consideration specified in contracts with customers.

Food Solutions

Revenue from Food Solutions comprises revenue from inflight and institutional catering, food processing, distribution and airline laundry services. Revenue is recognised when goods and services are delivered to the customer and all criteria to acceptance have been satisfied. Payments are due from customers based on the agreed billing term stipulated in the contracts.

Gateway Services

Revenue from Gateway Services comprises revenue from ground handling, airport cargo delivery, management services, aviation security services and cruise terminal services. Revenue is recognised when services are delivered to the customer and all criteria to acceptance have been satisfied. Payments are due from customers based on the agreed billing term stipulated in the contracts.

Others

Others include rental income and others services. Revenue is recognised when it transfers control of a product to a customer or as and when services are rendered.

Notes to the Financial Statements

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5. Staff Costs

	GROUP	
	2019-20 $'000	**2018-19 $'000**
Salaries, bonuses and other costs*	**789,137**	775,197
CPF and other defined contributions	**103,241**	96,798
Share-based payment expense (Note 12)	**10,756**	6,636
Government grants	**(23,689)**	(4,620)
	879,445	874,011

* Included in salaries, bonuses and other costs are contract labour expenses of $119,835,000 (2019: $125,748,000).

6. Operating Profit

	GROUP	
	2019-20 $'000	**2018-19 $'000**
The following items have been included in arriving at operating profit:		
Directors' fees (Note 31)	**1,162**	1,141
Audit fee paid to auditors of the Company	**541**	486
Audit fee paid to other auditors	**380**	307
Non-audit fee paid to auditors of the Company	**102**	136
Non-audit fee paid to other auditors of the Company	**70**	37
Allowance of doubtful receivables and bad debts written off, net	**4,030**	345
Maintenance of equipment and vehicles	**43,980**	40,992
Digitalisation and IT expenses	**34,426**	22,970
Lease of ground support equipment	**9,667**	9,414
Rental for leasehold land and premises	**6,926**	16,668
Exchange gain, net	**(1,289)**	(3,512)

7. Interest on Borrowings and Interest Income

	GROUP	
	2019-20 $'000	**2018-19 $'000**
Financial liabilities measured at amortised cost		
– Interest expenses	**(7,599)**	(815)
Financial assets measured at amortised cost		
– Interest income	**3,860**	4,076
	(3,739)	3,261

8. Other Non-Operating Loss, Net

	GROUP	
	2019-20 $'000	**2018-19 $'000**
Loss on disposal of property, plant and equipment	**(1,757)**	(486)
Write-back of earn-out consideration	**–**	11,600
Impairment loss on investment in associates	**(11,900)**	(11,600)
Impairment loss on property, plant and equipment	**(2,307)**	–
Write-off of property, plant and equipment	**(4,465)**	–
Others	**85**	(1,021)
	(20,344)	(1,507)

9. Income Tax Expense

The major components of income tax expense for the years ended 31 March 2020 and 2019 are:

	GROUP	
	2019-20 $'000	**2018-19 $'000**
Current income tax:		
Current income taxation	**42,587**	49,180
Over provision in respect of prior years	**(5,610)**	(4,685)
	36,977	44,495
Deferred income tax (Note 21):		
Origination and reversal of temporary differences	**(1,498)**	4,096
Over provision of deferred taxation in respect of prior years	**(627)**	(51)
Withholding tax expenses on share of results of associates/joint ventures	**3,448**	2,940
Income tax expense recognised in profit or loss	**38,300**	51,480

Reconciliation of effective tax rate

	GROUP	
	2019-20 $'000	**2018-19 $'000**
Profit before tax	**213,906**	307,710
Taxation at statutory tax rate of 17% (2019: 17%)	**36,364**	52,311
Adjustments:		
Non-deductible expenses	**8,842**	9,633
Effect of different tax rates in other countries	**1,070**	2,170
Tax rebate	**(51)**	(279)
Over provision of current taxation in respect of prior years	**(5,610)**	(4,685)
Over provision of deferred taxation in respect of prior years	**(627)**	(51)
Utilisation of previously unrecognised tax losses/capital allowances	**(167)**	(314)
Tax exempt income	**(6,003)**	(1,219)
Effect of share of results of associates/joint ventures	**(1,924)**	(9,863)
Withholding tax expenses on share of results of associates/joint ventures	**3,448**	2,940
Deferred tax assets not recognised	**1,753**	571
Others	**1,205**	266
Income tax expense recognised in profit or loss	**38,300**	51,480

Notes to the Financial Statements

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10. Earnings Per Share

	GROUP	
	2019-20 $'000	**2018-19 $'000**
Profit attributable to owners of the Company	**168,362**	248,408

	GROUP	
	2019-20	**2018-19**
Weighted average number of ordinary shares in issue used for computing basic earnings per share	**1,117,071,837**	1,114,814,299
Adjustment for share options, RSP and PSP	**5,327,529**	6,251,913
Weighted average number of ordinary shares in issue used for computing diluted earnings per share	**1,122,399,366**	1,121,066,212
Earnings per share (cents)		
Basic	**15.1**	22.3
Diluted	**15.0**	22.2

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

For purposes of calculating diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to take into account the dilutive effect of share-based payment plans of the Company.

11. Dividends Paid

The following exempt (one-tier) dividends were declared and paid by the Group and Company to owners of the Company:

	GROUP AND COMPANY	
	2019-20 $'000	**2018-19 $'000**
Dividends paid:		
Final dividend of 13 cents (2019: 12 cents) per ordinary share in respect of previous financial year	**145,360**	134,030
Interim dividend of 6 cents (2019: 6 cents) per ordinary share in respect of current financial year	**67,092**	66,911
	212,452	200,941

No final tax exempt (one-tier) dividend was proposed for the financial year ended 31 March 2020.

12. Share Capital and Treasury Shares

Share Capital

	GROUP AND COMPANY 31 March			
	2020 Number of shares	**2019 Number of shares**	**2020 $'000**	**2019 $'000**
Ordinary shares				
Balance at beginning and end of the year	**1,124,056,275**	1,124,056,275	**367,947**	367,947

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. All issued shares are fully paid, with no par value.

No ordinary shares were issued pursuant to equity compensation plans during the year and in previous financial year.

Treasury Shares

	GROUP AND COMPANY 31 March			
	2020 Number of shares	**2019 Number of shares**	**2020 $'000**	**2019 $'000**
At beginning of the year	**9,697,355**	8,210,455	**43,000**	32,814
Shares acquired	**–**	5,929,500	**–**	29,012
Shares reissued pursuant to equity compensation plans	**(3,830,000)**	(4,442,600)	**(16,983)**	(18,826)
At end of the year	**5,867,355**	9,697,355	**26,017**	43,000

Treasury shares relate to ordinary shares of the Company that are held by the Company.

During the year, 3,830,000 (2019: 4,442,600) treasury shares were reissued pursuant to the equity compensation plans of which nil (2019: 536,600) were reissued for the Employee Share Option Plan, 1,641,900 (2019: 1,551,000) were reissued for the Restricted Share Plan, and 2,156,300 (2019: 2,355,000) were reissued for the Performance Share Plan and 31,800 (2019: nil) were issued for the Directors' fees.

Employee Share Option Plan

In 2019, 536,600 options were exercised under the SATS Employee Share Option Plan (the "Plan"), which comprises the Senior Executive Share Option Scheme for senior executives and the Employee Share Option Scheme for all other employees. These options were fully exercised by reissuance of treasury shares.

Notes to the Financial Statements

31 March 2020

12. Share Capital and Treasury Shares (cont'd)

Employee Share Option Plan (cont'd)

Information with respect to the number of options granted under the Plan is as follows:

	GROUP 31 March			
	2020		2019	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at beginning of the year	–	–	752,500	$1.92
Exercised	–	–	(536,600)	$1.92
Forfeited/Lapsed	–	–	(215,900)	$1.92
Outstanding at end of the year	–		–	
Exercisable at end of the year	–		–	

	GROUP	
	2019-20 $'000	2018-19 $'000
Proceeds received from share options exercised	–	1,030

There is no share option exercise during the year. The weighted average share price for options exercised for 2019 is $5.24.

The Company has ceased to issue further grants of share options since the last grant in July 2008.

Fair values of the options

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted each year under the Plan. The estimate of the fair value of the services received is measured based on a binomial option pricing model, taking into account the terms and conditions upon which the options were granted. There were no options granted during the year and in prior year.

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome. No other features of options were incorporated into the measurement of fair value.

12. Share Capital and Treasury Shares (cont'd)

Share-based Incentive Plans

The Restricted Share Plan ("RSP") and Performance Share Plan ("PSP") are share-based incentive plans for management staff, which were approved by the shareholders of the Company on 19 July 2005. Both share plans which expired in July 2015 were subsequently approved during the 41st Annual General Meeting held on 23 July 2014 for further extension of 10 years to July 2025.

The details of the two plans are described below:

Restricted Share Plan ("RSP") For grants in FY2016-17 to FY2017-18 and FY2019-20	
Plan Description	Award of fully-paid ordinary shares of the Company, conditional on achievement of both corporate pre-determined performance targets set over one-year period and individual performance.
Performance Conditions	Group Returns on Equity performance (FY2016-17 & FY2017-18). Company Financial and operating achievements (FY2019-20).
Vesting Condition	Equal vesting over a three-year period.
Payout	0% – 120% depending on the achievement based on prior financial year.

Performance Share Plan ("PSP") For grants in FY2016-17 to FY2019-20	
Plan Description	Award of fully-paid ordinary shares of the Company, conditional on achievement of both pre-determined performance targets set at the start of a three-year overlapping performance period based on stretched long-term corporate objectives and individual performance.
Performance Conditions	• Absolute Total Shareholder Return • Relative Total Shareholder Return (FY2016-17 to FY2017-18) • Transformation Scorecard (FY2018-19 to FY2019-20)
Vesting Condition	Vesting based on meeting specified performance conditions over a three-year performance period.
Payout	0% – 150% depending on the achievement of specified performance targets over the performance period.

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12. Share Capital and Treasury Shares (cont'd)

Share-based Incentive Plans (cont'd)

Fair values of RSP and PSP

The fair value of services received in return for shares awarded is measured by reference to the fair value of shares granted each year under the RSP and PSP. The estimate of the fair value of the services received is measured based on a Monte Carlo simulation model, which involves projection of future outcomes using statistical distributions of key random variables including share price and volatility of returns.

The following table lists the inputs to the model used for the awards:

RSP	Jun 2019	Aug 2017
Expected dividend yield (%)	Management's forecast	
Expected volatility (%)	13.8	14.5
Risk-free interest rate (%)	1.7 – 1.9	1.1 – 1.4
Expected term (years)	0.0 – 2.0	0.9 – 2.9
Share price at date of grant ($)	5.27	4.85

PSP	Aug 2019	Dec 2018	Aug 2017
Expected dividend yield (%)		Management's forecast	
Expected volatility (%)	16.2	16.3	14.5
Risk-free interest rate (%)	1.72	1.99	1.44
Expected term (years)	2.9	2.6	2.9
Index (for Relative TSR)	NA	NA	MSCI Asia Pac ex-Japan Industrial Index
Index volatility (%)	NA	NA	12.95
Correlation with index (%)	NA	NA	1.7
Share price at date of grant ($)	4.82	4.60	4.85

For non-market conditions, achievement factors are determined based on inputs from the Remuneration and Human Resource Committee for the purpose of accrual for the RSP until the achievement of the targets can be accurately ascertained.

Movement of RSP and PSP shares award during the year

RSP	Number of restricted shares				
Date of grant	Balance at 1.4.2019/ Date of grant	Vested	Forfeited	Adjustments	Balance at 31.3.2020
01.08.2016	495,200	(495,200)	–	–	–
01.08.2017	1,002,800	(513,800)	(12,800)	–	476,200
24.06.2019	1,897,400	(637,300)	(18,000)	–	1,242,100
	3,395,400	(1,646,300)	(30,800)	–	1,718,300

12. Share Capital and Treasury Shares (cont'd)

Share-based Incentive Plans (cont'd)

Fair values of RSP and PSP (cont'd)

Movement of RSP and PSP shares award during the year (cont'd)

PSP	Number of performance shares				
Date of grant	Balance at 1.4.2019/ Date of grant	Vested	Forfeited	Adjustments#	Balance at 31.3.2020
01.08.2016	1,447,000	(2,156,300)	–	709,300	–
01.08.2017	1,437,000	–	–	–	1,437,000
14.12.2018	745,000	–	–	–	745,000
01.08.2019	700,000	–	–	–	700,000
	4,329,000	(2,156,300)	–	709,300	2,882,000

Adjustments due to the performance factor at the end of the performance period upon meeting stated performance targets.

The estimated weighted average fair values at the date of grant for each share granted during the year under the PSP is $3.52 (2019: $3.23) based on the Monte Carlo simulation model.

For performance share grants with non-market conditions, the Group revises its estimates of the number of share grants expected to vest and corresponding adjustments are made to the income statement and share-based compensation reserve.

Under the PSP, eligible key executives are required to hold a portion of the shares released to them under a share ownership guideline which requires them to maintain a beneficial ownership stake in the Company, thus further aligning their interests with shareholders.

The number of contingent shares granted but not released as at 31 March 2020, were 1,718,300 (2019: 1,498,000) and 2,882,000 (2019: 3,629,000) for RSP and PSP respectively. Based on the achievement factor, the actual release of the awards is 1,718,300 (2019: 1,498,000) and zero to a maximum of 4,323,000 (2019: zero to maximum of 5,443,500) fully-paid ordinary shares of the Company, for RSP and PSP respectively.

The total amount of share-based payment expenses recognised in profit or loss based on the fair values determined on grant date and estimation of share grants that will ultimately vest are summarised as follows:

	GROUP	
	2019-20 $'000	2018-19 $'000
Share-based payment expense		
Restricted share plan	**8,094**	4,060
Performance share plan	**2,662**	2,576
	10,756	6,636

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13. Reserves

(a) Share-based Compensation Reserve

Share-based compensation reserve represents the equity-settled share options, restricted and performance shares granted to employees. The reserve is made up of the cumulative value of services received from employees recorded on grant of equity-settled share options, restricted and performance shares, net of cumulative shares vested.

(b) Statutory Reserve

Certain countries in which some of the Group's associates are incorporated legally require statutory reserves to be set aside. The laws of the countries restrict the distribution and use of these statutory reserves.

(c) Foreign Currency Translation Reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

The foreign currency translation reserve is also used to record the effect of hedging of net investments in a foreign operation (Note 28).

(d) Fair Value Reserve

Fair value reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets, until they are disposed or impaired.

(e) Capital Reserve

Capital reserve comprises acquisitions of non-controlling interests that do not result in a change of control.

(f) Gain or Loss on Reissuance of Treasury Shares

This represents the gain or loss arising from purchase, sale, issue or cancellation of treasury shares. No dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) may be made in respect of this reserve.

14. Property, Plant and Equipment and Right-of-Use Assets

		GROUP		COMPANY	
	Note	31 Mar 2020 $'000	31 Mar 2019 $'000	31 Mar 2020 $'000	31 Mar 2019 $'000
Property, plant and equipment	14.1	**602,297**	579,163	**16,861**	33,784
Right-of-use assets	14.2	**205,957**	–	**67,037**	–
		808,254	579,163	**83,898**	33,784

14. Property, Plant and Equipment and Right-of-Use Assets (cont'd)

14.1 Property, Plant and Equipment

GROUP	Freehold land and buildings $'000	Leasehold land and buildings $'000	Office fittings and fixtures $'000	Fixed ground support equipment $'000	Mobile ground support equipment $'000	Office and commercial equipment $'000	Motor vehicles $'000	Work in progress $'000	Total $'000
Cost									
At 1 April 2018	94,090	708,086	157,698	367,698	64,951	49,309	59,269	68,952	1,570,053
Translation	(693)	193	(31)	(375)	9	(33)	(111)	398	(643)
Reclassifications	–	–	12,372	5,754	675	5,112	1,783	(25,696)	–
Transfer to intangible assets (Note 16)	–	–	–	–	–	–	–	2,317	2,317
Additions (Note 25)	855	686	3,911	6,592	7,182	3,526	5,240	55,427	83,419
Additions from reclassification of joint venture to subsidiary	–	–	2,066	–	5,699	2,009	5,046	–	14,820
Disposals	(1,018)	–	(570)	(1,501)	(3,314)	(528)	(3,464)	–	(10,395)
Write off	–	–	–	–	–	(597)	–	(16)	(613)
At 31 March 2019 and 1 April 2019	93,234	708,965	175,446	378,168	75,202	58,798	67,763	101,382	1,658,958
Translation	8,311	314	64	(74)	(11)	595	808	1,482	11,489
Reclassifications	–	46,331	17,932	24,880	6,571	572	(5,863)	(90,423)	–
Transfer from investment properties (Note 15)	–	31,865	–	–	–	–	–	–	31,865
Transfer to intangible assets (Note 16)	–	–	–	–	–	–	–	(11)	(11)
Acquisition of subsidiaries	–	17,929	1,797	14,134	–	606	2,488	853	37,807
Disposal of subsidiary	–	–	–	–	–	(981)	–	–	(981)
Additions (Note 25)	4,364	4,930	9,512	10,500	7,173	8,253	5,804	23,281	73,817
Disposals	(28)	(6,671)	(615)	(6,368)	(2,170)	(2,385)	(3,640)	(465)	(22,342)
Write off	–	–	(1,457)	(2,404)	–	–	–	(2,138)	(5,999)
At 31 March 2020	105,881	803,663	202,679	418,836	86,765	65,458	67,360	33,961	1,784,603

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14. Property, Plant and Equipment and Right-of-Use Assets (cont'd)

14.1 Property, Plant and Equipment (cont'd)

GROUP	Freehold land and buildings $'000	Leasehold land and buildings $'000	Office fittings and fixtures $'000	Fixed ground support equipment $'000	Mobile ground support equipment $'000	Office and commercial equipment $'000	Motor vehicles $'000	Work in progress $'000	Total $'000
Accumulated depreciation and impairment losses									
At 1 April 2018	13,737	496,751	99,850	305,293	27,502	35,423	31,383	–	1,009,939
Translation	(190)	104	(8)	(46)	–	(24)	(67)	–	(231)
Depreciation from reclassification of joint venture to subsidiary	–	–	205	–	1,437	295	2,246	–	4,183
Depreciation	4,935	27,710	13,236	10,244	7,884	5,649	5,584	–	75,242
Disposals	(410)	–	(537)	(1,482)	(3,281)	(493)	(2,860)	–	(9,063)
Write off	–	–	–	–	–	(275)	–	–	(275)
At 31 March 2019 and 1 April 2019	18,072	524,565	112,746	314,009	33,542	40,575	36,286	–	1,079,795
Translation	3,059	372	128	–	3	369	437	–	4,368
Reclassifications*	–	70	60	4	2,497	(124)	(2,507)	–	–
Transfer from investment properties (Note 15)	–	26,156	–	–	–	–	–	–	26,156
Depreciation	5,017	26,384	15,628	12,599	9,716	6,798	5,772	–	81,914
Acquisition of subsidiaries	–	1,973	1,031	4,827	–	426	1,668	–	9,925
Disposal of subsidiary	–	–	–	–	–	(593)	–	–	(593)
Disposals	(12)	(6,670)	(493)	(5,810)	(2,169)	(1,331)	(3,547)	–	(20,032)
Impairment loss	–	1,989	–	–	–	318	–	–	2,307
Write off	–	–	(517)	(1,017)	–	–	–	–	(1,534)
At 31 March 2020	26,136	574,839	128,583	324,612	43,589	46,438	38,109	–	1,182,306
Carrying amounts									
At 1 April 2018	80,353	211,335	57,848	62,405	37,449	13,886	27,886	68,952	560,114
At 31 March 2019	75,162	184,400	62,700	64,159	41,660	18,223	31,477	101,382	579,163
At 31 March 2020	79,745	228,824	74,096	94,224	43,176	19,020	29,251	33,961	602,297

14. Property, Plant and Equipment and Right-of-Use Assets (cont'd)

14.1 Property, Plant and Equipment (cont'd)

COMPANY	Fixed ground support equipment $'000	Mobile ground support equipment $'000	Office and commercial equipment $'000	Motor vehicles $'000	Work in progress $'000	Total $'000
Cost						
At 1 April 2018	5,212	4	2,918	198	24,686	33,018
Reclassifications	697	–	3,212	–	(3,909)	–
Transfer to investment properties (Note 15)	–	–	–	–	(6,408)	(6,408)
Transfer from intangible assets (Note 16)	–	–	–	–	2,317	2,317
Additions	–	–	–	–	10,835	10,835
At 31 March 2019 and 1 April 2019	5,909	4	6,130	198	27,521	39,762
Reclassification/transfer to investment properties (Note 15)	1,390	–	24	–	(25,316)	(23,902)
Additions	–	–	1	–	8,549	8,550
Disposals	(43)	(4)	(14)	(82)	–	(143)
At 31 March 2020	7,256	–	6,141	116	10,754	24,267
Accumulated depreciation						
At 1 April 2018	2,462	1	2,539	88	–	5,090
Depreciation	550	–	325	13	–	888
At 31 March 2019 and 1 April 2019	3,012	1	2,864	101	–	5,978
Depreciation	678	–	834	8	–	1,520
Disposals	(43)	(1)	(14)	(34)	–	(92)
At 31 March 2020	3,647	–	3,684	75	–	7,406
Carrying amounts						
At 1 April 2018	2,750	3	379	110	24,686	27,928
At 31 March 2019	2,897	3	3,266	97	27,521	33,784
At 31 March 2020	3,609	–	2,457	41	10,754	16,861

The Group's carrying amount of property, plant and equipment under finance leases is $1,092,397 (2019: $531,845). In addition to assets held under finance leases, the Group's property, plant and equipment with a carrying amount of $13,257,000 (2019: nil) are pledged to secure the Group's bank loans (Note 28).

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14. Property, Plant and Equipment and Right-of-Use Assets (cont'd)

14.2 Right-of-Use Assets

GROUP	Leasehold land and buildings $'000	Others $'000	Total $'000
Cost			
Recognition of right-of-use asset on initial application of SFRS(I) 16 on 1 April 2019	177,999	6,181	184,180
Translation	4,337	(22)	4,315
Additions	39,338	–	39,338
Disposals	–	(381)	(381)
Acquisition of subsidiaries	159	–	159
Disposal of subsidiary	(706)	–	(706)
At 31 March 2020	221,127	5,778	226,905
Accumulated depreciation			
Recognition of right-of-use asset on initial application of SFRS(I) 16 on 1 April 2019	–	–	–
Translation	128	12	140
Amortisation	18,509	2,459	20,968
Disposals	–	(160)	(160)
At 31 March 2020	18,637	2,311	20,948
Carrying amounts			
At 31 March 2020	202,490	3,467	205,957

COMPANY	Leasehold land and buildings $'000	Others $'000	Total $'000
Cost			
Recognition of right-of-use asset on initial application of SFRS(I) 16 on 1 April 2019	69,018	–	69,018
Additions	1,877	–	1,877
At 31 March 2020	70,895	–	70,895
Accumulated depreciation			
Recognition of right-of-use asset on initial application of SFRS(I) 16 on 1 April 2019	–	–	–
Additions	3,858	–	3,858
At 31 March 2020	3,858	–	3,858
Carrying amounts			
At 31 March 2020	67,037	–	67,037

15. Investment Properties

	GROUP $'000	COMPANY $'000
Cost		
At 1 April 2018	**48,157**	769,299
Transfer from property, plant and equipment (Note 14)	**–**	6,408
Additions	**–**	16
At 31 March 2019 and 1 April 2019	**48,157**	775,723
Transfer (to)/from property, plant and equipment (Note 14)	**(31,865)**	23,902
Additions	**–**	29
Disposals	**–**	(553)
At 31 March 2020	**16,292**	799,101
Accumulated depreciation		
At 1 April 2018	**39,245**	539,833
Depreciation	**1,323**	29,111
At 31 March 2019 and 1 April 2019	**40,568**	568,944
Depreciation	**841**	29,660
Transfer to property, plant and equipment (Note 14)	**(26,156)**	–
Disposals	**–**	(539)
At 31 March 2020	**15,253**	598,065
Carrying amount		
At 1 April 2018	**8,912**	229,466
At 31 March 2019	**7,589**	206,779
At 31 March 2020	**1,039**	201,036

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancement.

Information relating to the fair values of the investment properties of the Group as at 31 March as follows:

	2020		2019	
	Carrying value $'000	Fair value $'000	Carrying value $'000	Fair value $'000
Investment properties	**1,039**	**14,300**	7,589	34,056

The valuation is based on the Direct Comparison Method and the Investment Method that makes reference to sales and gross rental income of similar properties based on prevailing economic conditions.

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15. Investment Properties (cont'd)

Information relating to the fair values of the investment properties of the Company rented to third parties as at 31 March as follows:

	2020		2019	
	Carrying value $'000	Fair value $'000	Carrying value $'000	Fair value $'000
Investment properties rented by Company to third parties	**1,039**	**14,300**	1,581	14,700

The valuation is based on the Investment Method that makes reference to gross rental income of similar properties based on prevailing economic conditions.

The remaining investment properties of the Company are rented to the subsidiaries of the Group for their operational needs and therefore the Company does not consider the disclosure of fair value of these investment properties to be relevant.

Investment properties are categorised within level 3 of the fair value hierarchy. A significant increase (decrease) in gross rental income would result in a significantly higher (lower) fair value measurement.

The property rental income earned by the Group and Company for the year ended 31 March 2020 from its investment properties which are leased out under operating leases, amounted to $1,165,000 and $49,465,000 (2019: $3,038,000 and $48,075,000) respectively.

Direct operating expenses (including repairs and maintenance) incurred on rental-earning investment properties amounted to $802,000 and $37,097,000 (2019: $976,000 and $40,442,000) for the Group and Company respectively.

16. Intangible Assets

GROUP	Software development $'000	Work in progress $'000	Goodwill $'000	Licence $'000	Customer relationships $'000	Total $'000
Cost						
At 1 April 2018	106,296	7,116	130,699	26,814	39,178	310,103
Translation	4	(1)	819	–	564	1,386
Reclassification	2,726	(2,726)	–	–	–	–
Transfer from property, plant and equipment (Note 14)	–	(2,317)	–	–	–	(2,317)
Additions (Note 25)	371	6,690	–	–	–	7,061
Additions from reclassification of joint venture to subsidiary	–	–	114,114	–	81,108	195,222
Disposals	(23)	–	–	–	–	(23)
At 31 March 2019 and 1 April 2019	109,374	8,762	245,632	26,814	120,850	511,432
Translation	146	18	1,458	–	57	1,679
Reclassification/transfer from/(to) property, plant and equipment (Note 14)	3,071	(3,060)	–	–	–	11
Additions (Note 25)	1,504	7,488	–	–	–	8,992
Acquisition of subsidiaries	1,162	–	51,168	285	24,716	77,331
Disposals	(745)	–	–	–	–	(745)
At 31 March 2020	114,512	13,208	298,258	27,099	145,623	598,700
Accumulated depreciation						
At 1 April 2018	98,321	–	–	17,555	36,721	152,597
Translation	(2)	–	–	–	–	(2)
Amortisation	3,453	–	–	1,915	2,941	8,309
Disposals	(23)	–	–	–	–	(23)
At 31 March 2019 and 1 April 2019	101,749	–	–	19,470	39,662	160,881
Translation	135	–	–	14	–	149
Amortisation	3,783	–	–	1,915	8,178	13,876
Acquisition of subsidiaries	562	–	–	271	–	833
Disposals	(653)	–	–	–	–	(653)
At 31 March 2020	105,576	–	–	21,670	47,840	175,086
Carrying amounts						
At 1 April 2018	7,975	7,116	130,699	9,259	2,457	157,506
At 31 March 2019	7,625	8,762	245,632	7,344	81,188	350,551
At 31 March 2020	8,936	13,208	298,258	5,429	97,783	423,614

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16. Intangible Assets (cont'd)

Customer relationships and licence

Customer relationships relate to the economic benefits that are expected to derive from business dealings with the existing customers in the Singapore, Japan, Malaysia, China and United Kingdom operations. These are acquired as part of the acquisition of the subsidiaries. The relationships include catering, ground handling services and supply contracts with customers as well as other non-contractual customer relationships which past transactions provide evidence that the Group is able to benefit from the future economic inflows from such relationships.

Licence refers to the abattoir licence granted by the Agri-Food & Veterinary Authority of Singapore.

Amortisation expense

The amortisation of software development, licence and customer relationships is included in the "Depreciation and amortisation charges" in the consolidated income statement.

Impairment testing of goodwill

Goodwill arising from business combinations have been allocated to the following cash-generating units (CGU) for impairment testing:

– SATS Food Services ("SFS")
– TFK Corporation
– Ground Team Red Holdings Sdn. Bhd. ("GTRH")
– Nanjing Weizhou Airline Food Corp., Ltd ("NWA")
– Monty's Bakehouse UK Limited ("MBUK")

The carrying amounts of goodwill allocated to each CGU are as follows:

	31 Mar 2020 $'000	31 Mar 2019 $'000
SFS	**111,791**	111,791
TFK Corporation	**20,167**	18,790
GTRH	**114,582**	115,051
NWA	**29,139**	–
MBUK	**22,579**	–
	298,258	245,632

Key assumptions used in the value in use calculations

The calculations of value in use for the CGUs are most sensitive to the following assumptions:

Forecast revenue and gross margins – Revenue and gross margins are based on average values achieved in the recent years preceding to the start of the forecast period. These are increased over the forecast period for anticipated retention of customers, expansion in business, synergies and efficiency improvements. The forecast revenue is dependent on the demand from key customers. A reasonable possible change in demand from key customers of the respective CGUs would not have an impact to the carrying value of goodwill in the CGUs.

Terminal growth rates – The forecasted terminal growth rates are based on the relevant industry outlook and do not exceed the long-term average growth rate for the industries relevant to the CGUs.

Discount rates – Discount rates represent the current market assessment of the risks specific to each CGU. This is the benchmark used by the Group to assess operating performance and to evaluate future investment proposals. In determining appropriate discount rates for each CGU, consideration has been given to the yield on a ten-year government bond at the beginning of the forecast year.

16. Intangible Assets (cont'd)

Key assumptions used in the value in use calculations (cont'd)

Market share assumptions – In addition to using industry data to estimate the growth rates (as noted above), the management assesses how the CGU's position, relative to its competitors, might change over the forecast period. The management expects the market share of the CGUs to be stable over the forecast period.

The recoverable amounts of the CGUs have been determined based on value in use calculations using cash flow projections from financial forecasts approved by management covering a five to ten years period. The forecasts include the impact of COVID-19 pandemic on the first year of forecast, management's estimated recovery of the aviation industry from COVID-19 pandemic and the long-term viability of the airline customers, which could be dependent on the refinancing or recapitalisation plan of the airlines. The recoverable amount of the CGU is highly sensitive to such projection. The pre-tax discount rate applied to the cash flow projections and the forecasted terminal growth rates used to extrapolate cash flow projections beyond the terminal year are as follows:

	Terminal growth rates		Discount rates	
	31 Mar 2020 %	31 Mar 2019 %	31 Mar 2020 %	31 Mar 2019 %
SFS	**1.0**	1.0	**7.0**	6.7
TFK Corporation	**0.8**	0.8	**7.5**	7.5
GTRH	**2.4**	3.5	**9.0**	9.0
NWA	**3.0**	–	**11.0**	–
MBUK	**1.5**	–	**10.0**	–

COMPANY	Software $'000	Work in progress $'000	Total $'000
Cost			
At 1 April 2018	28,380	2,291	30,671
Additions	–	2,557	2,557
Reclassifications	307	(307)	–
Transfer to property, plant & equipment (Note 14)	–	(2,317)	(2,317)
At 31 March 2019 and 1 April 2019	28,687	2,224	30,911
Additions	–	4,526	4,526
Reclassifications	2,535	(2,535)	–
Disposals	(203)	–	(203)
At 31 March 2020	31,019	4,215	35,234
Accumulated amortisation			
At 1 April 2018	26,502	–	26,502
Amortisation	781	–	781
At 31 March 2019 and 1 April 2019	27,283	–	27,283
Amortisation	985	–	985
Disposals	(203)	–	(203)
At 31 March 2020	28,065	–	28,065
Carrying amounts			
At 1 April 2018	1,878	2,291	4,169
At 31 March 2019	1,404	2,224	3,628
At 31 March 2020	2,954	4,215	7,169

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17. Investment in Subsidiaries

	COMPANY	
	31 Mar 2020 $'000	31 Mar 2019 $'000
Unquoted shares, at cost	**775,173**	718,140

The names of the subsidiaries are set out below and the country of incorporation and place of business is Singapore, unless otherwise stated:

		Cost of investment		Equity held	
Name of companies	Principal activities (Place of business)	31 Mar 2020 $'000	31 Mar 2019 $'000	31 Mar 2020 %	31 Mar 2019 %
Held by the Company					
SATS Airport Services Pte Ltd *, a	Airport ground handling services	**16,500**	16,500	**100**	100
SATS Catering Pte Ltd *, a	Inflight catering services	**14,000**	14,000	**100**	100
SATS Security Services Private Limited a	Security handling services	**3,000**	3,000	**100**	100
SATS Aero Laundry Pte. Ltd. a	Providing and selling laundry and linen services	**2,515**	2,515	**100**	100
SATS Aerolog Express Pte. Ltd. a	Airport cargo delivery management services	**1,340**	1,340	**100**	100
SATS Institutional Catering Pte. Ltd. a (Formerly known as Country Foods Pte. Ltd.)	Supplier of food products and provision of expertise and manpower to manage central kitchens & catering operations	**11,030**	11,030	**100**	100
SATS Asia-Pacific Star Pte. Ltd. a	Airport ground handling services and inflight catering services	**#**	#	**100**	100
SATS Food Services Pte. Ltd. a	Food processing and distribution services	**487,260**	487,260	**100**	100
SATS Investments Pte. Ltd. a	Investment holding	**#**	#	**100**	100
SATS (India) Co. Private Limited b	Business development and marketing and product development (India)	**228**	228	**100**	100

17. **Investment in Subsidiaries** (cont'd)

Name of companies	Principal activities (Place of business)	Cost of investment 31 Mar 2020 $'000	Cost of investment 31 Mar 2019 $'000	Equity held 31 Mar 2020 %	Equity held 31 Mar 2019 %
Held by the Company (cont'd)					
SATS Investments (II) Pte. Ltd. [a]	Investment holding	**#**	#	**100**	100
Cemerlang Pte. Ltd. [a]	Investment holding	**#**	#	**100**	100
SATS Services Sdn. Bhd. [b]	Shared services to the Company and its subsidiaries (Malaysia)	**201**	201	**100**	100
SATS Saudi Arabia [b]	Cargo handling (Saudi Arabia)	**145**	145	**80**	80
Ready To Travel Pte. Ltd. [a, o]	Provide services that facilitate travel	**100**	100	**100**	100
GTRSG Pte. Ltd. [a] (Formerly known as SATS Ground Services Singapore Pte. Ltd.)	Ground handling	**754**	754	**20**	20
SATS Group Services Sdn. Bhd. [b]	Investment holding (Malaysia)	**#**	#	**100**	100
Ground Team Red Holdings Sdn. Bhd. [b]	Investment holding (Malaysia)	**160,886**	160,886	**50**	50
SATS China Co., Ltd. [b]	Investment holding (People's Republic of China)	**77,214**	20,181	**100**	100
		775,173	718,140		

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17. Investment in Subsidiaries (cont'd)

Name of companies (Country of incorporation)	Principal activities (Place of business)	Equity held 31 Mar 2020 %	Equity held 31 Mar 2019 %
Held through SATS Airport Services Pte Ltd			
SATS-Creuers Cruise Services Pte. Ltd. [a]	Management of international cruise terminal	**60**	60
SATS Saudi Arabia [b]	Cargo handling (Saudi Arabia)	**20**	20
SATS Seletar Aviation Services Pte. Ltd. [a]	Terminal management services	**52**	52
Held through SATS Food Services Pte. Ltd.			
Primary Industries Private Limited and its subsidiary [a]	Provision of abattoir services	**78.5**	78.5
– Hog Auction Market Pte Ltd [a]	Auctioneers of pigs	**78.5**	78.5
Primary Industries (Qld) Pty Ltd [b]	Provision of land logistics and food solutions (Australia)	**100**	100
Shanghai ST Food Industries Co., Limited [c]	Manufacture and sale of frozen foodstuffs (People's Republic of China)	**100**	100
SFI Food Pte. Ltd. [a]	Food catering related ventures	**100**	100
SFI Manufacturing Private Limited [a]	Supply of food products and catering services	**100**	100
SATS Delaware North Pte. Ltd. [a]	Catering and food and beverages services at Singapore Sports Hub	**70**	70
Country Foods Pte. Ltd. [a, k] (Formerly known as SATS BRF Food Pte. Ltd.)	Meat processing, manufacturing of branded food products	**100**	–
Held through SATS Investments Pte. Ltd.			
TFK Corporation [b, g]	Inflight catering services (Japan)	**59.4**	59.4
Food And Allied Support Services Corporation Pte. Ltd. [m]	Remote catering	**–**	51

17. Investment in Subsidiaries (cont'd)

Name of companies (Country of incorporation)	Principal activities (Place of business)	Equity held 31 Mar 2020 %	Equity held 31 Mar 2019 %
Held through SATS Investments Pte. Ltd. (cont'd)			
SATS Investments Turkey Havacılık Yatırımları Anonim Şirketi	Investment holding (Dormant) (Turkey)	**100**	100
SATS Food Turkey Gıda Hizmetleri Anonim Şirketi	Food-related projects (Dormant) (Turkey)	**100**	100
Monty's Bakehouse UK Limited [d, l]	Providing hand-held meals and snacks to leading airline customers globally (United Kingdom)	**100**	–
Held through TFK Corporation			
Inflight Foods Co., Ltd. [g, h]	Preparation and sale of inflight meals, frozen foods, seafood, meat and rice products and vegetables and fruits (Japan)	**59.4**	59.4
Narita Dry Ice Co., Ltd. [g, h]	Manufacture and sale of dry ice and ice cubes and sale of refrigerant and packaging material (Japan)	**59.4**	59.4
New Tokyo Service Co., Ltd [g, h]	Inflight catering services, and provision of manpower to inflight catering operators (Japan)	**59.4**	59.4
Held through Food And Allied Support Services Corporation Pte. Ltd.			
FASSCO International (Australia) Pty Ltd [m]	Catering, housekeeping and other allied services (Australia)	**–**	51
FASSCO International (India) Private Limited [m]	Catering, housekeeping and other allied services (India)	**–**	51
FASSCO Catering Services LLC [i, m]	Catering and allied services (Abu Dhabi)	**–**	25

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17. Investment in Subsidiaries (cont'd)

Name of companies (Country of incorporation)	Principal activities (Place of business)	Equity held 31 Mar 2020 %	Equity held 31 Mar 2019 %
Held through SATS China Co., Ltd.			
SATS (Tianjin) Food Co., Ltd. [e]	Food production, processing and distribution (People's Republic of China)	**100**	100
SATS (Kunshan) Food Co., Ltd. [b]	Food production, processing and distribution (People's Republic of China)	**100**	100
Nanjing Weizhou Airline Food Corp., Ltd [f, j]	Aviation food manufacturer producing frozen food, ambient meals and related food components to aviation companies (People's Republic of China)	**50**	–
Held through Nanjing Weizhou Airline Food Corp., Ltd			
Ganzhou SATS Aviation Food Co., Ltd. [f, l]	Aviation and railway food production and distribution (People's Republic of China)	**50**	–
Huizhou Weilian Airline Food., Ltd. [f, l, n]	Aviation food production and distribution (People's Republic of China)	**27.5**	–
Held through Ground Team Red Holdings Sdn. Bhd.			
Ground Team Red Sdn. Bhd. [b]	Airport ground handling services (Malaysia)	**49**	49
GTRSG Pte. Ltd. [a] (Formerly known as SATS Ground Services Singapore Pte. Ltd.)	Ground handling	**40**	40
Held through Monty's Bakehouse UK Limited			
Monty's Bakehouse GCC and Asia General Trading FZE [d, l]	Manufacture and supply of hand-held savoury snacks and bakery to airlines and airline caterers (United Arab Emirates)	**100**	–
Monty's Bakehouse NL B.V. [d, l]	Manufacture and supply of hand-held savoury snacks and bakery to airlines and airline caterers (Netherlands)	**100**	–

17. Investment in Subsidiaries (cont'd)

[a] Audited by KPMG, Singapore.
[b] Audited by member firms of KPMG International in the respective countries.
[c] Audited by Shanghai YMD Certified Public Accountants (LLP).
[d] Audited by Grant Thornton UK LLP.
[e] Audited by CAC CPA Limited Liability Partnership.
[f] Audited by Jonten Certified Public Accountants (Limited Liability Partnership).
[g] Percentage of equity held excludes Treasury Shares held by TFK Corporation.
[h] Not required to be audited under the laws of their countries of incorporation.
[i] Held through Food And Allied Support Services Corporation Pte. Ltd. (a subsidiary) which has dividend right of 97% in the subsidiary company.
[j] Refer to Note 3.5 for details on the consolidation of Nanjing Weizhou Airline Food Corp., Ltd.
[k] Become a subsidiary during the year subsequent to step up acquisition of remaining 49% equity interest.
[l] Acquired/incorporated during the year.
[m] Disposed during the year.
[n] Held through Nanjing Weizhou Airline Food Corp., Ltd (a subsidiary) which has equity interest of 55% in the subsidiary company.
[o] Subsequent to year-end, Ready To Travel Pte. Ltd. has been renamed to SATS Consumer Services Pte. Ltd.

Amount is less than $1,000.
* Significant subsidiaries in accordance to Rule 718 of the Singapore Exchange Securities Trading Limited – Listing Rules.

Interest in subsidiaries with material non-controlling interest (NCI)

The Group has the following subsidiaries that have NCI that are material to the Group:

Name of subsidiaries (Place of business)	Proportion of ownership interest held by non-controlling interest %	Profit allocated to NCI during the reporting period $'000	Accumulated NCI at the end of reporting period $'000	Dividends paid to NCI $'000
TFK Corporation and its subsidiaries ("TFK") (Japan)				
31 March 2020	40.6	212	(63,031)	1,015
31 March 2019	40.6	1,736	(59,499)	3,550
Ground Team Red Holdings Sdn. Bhd. ("GTRH") (Malaysia)				
31 March 2020	50	4,091	(82,592)	–
31 March 2019	50	1,636	(83,535)	–

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17. Investment in Subsidiaries (cont'd)

Summarised financial information about subsidiaries with material NCI

Summarised financial information including goodwill on acquisition and consolidation adjustments but before intercompany eliminations of subsidiaries with material non-controlling interests are as follows:

Summarised statement of comprehensive income:

	TFK		GTRH*	
	2019-20 $'000	2018-19 $'000	2019-20 $'000	2018-19 $'000
Revenue	**253,449**	248,096	**114,516**	47,045
Profit before tax	**1,139**	6,103	**4,756**	2,675
Income tax expenses	**(90)**	(1,806)	**(1,456)**	(606)
Profit after tax	**1,049**	4,297	**3,300**	2,069
Other comprehensive income	**11,527**	(1,982)	**(1,196)**	1,515
Total comprehensive income	**12,576**	2,315	**2,104**	3,584

* The figures disclosed include Ground Team Red Sdn. Bhd. ("GTR") and GTRSG Pte. Ltd. ("GTRSG") being subsidiaries of GTRH.

Summarised statement of financial position as at 31 March:

	TFK		GTRH*	
	31 Mar 2020 $'000	31 March 2019 $'000	31 Mar 2020 $'000	31 March 2019 $'000
Current assets	**86,198**	91,069	**50,653**	39,173
Current liabilities	**(41,045)**	(39,869)	**(23,234)**	(11,818)
	45,153	51,200	**27,419**	27,355
Non-current assets	**219,678**	119,982	**236,218**	208,092
Non-current liabilities	**(90,326)**	(7,782)	**(47,338)**	(20,131)
	129,352	112,200	**188,880**	187,961
Net assets	**174,505**	163,400	**216,299**	215,316

Other summarised information:

	TFK		GTRH*	
	2019-20 $'000	2018-19 $'000	2019-20 $'000	2018-19 $'000
Net cash inflows from operations	**10,015**	20,956	**18,635**	1,120
Acquisition of significant property, plant and equipment, and intangible assets	**(12,061)**	(2,666)	**(8,974)**	(1,529)

* The figures disclosed include GTR and GTRSG being subsidiaries of GTRH.

17. **Investment in Subsidiaries** (cont'd)

A – Acquisition of Nanjing Weizhou Airline Food Corp., Ltd. ("NWA")

During the year, the Company's wholly-owned subsidiary, SATS China Co., Ltd. has acquired 50% of equity interest in Nanjing Weizhou Airline Food Corp., Ltd ("NWA").

NWA is a leading independent aviation food manufacturer in Jiangsu Province, China, producing frozen food, ambient meals and related food components to aviation companies in China. It has an extensive domestic network of cold storage facilities/distribution channel partners across China enabling it to serve a significant number of airports domestically.

The fair value of the identifiable assets and liabilities were:

	July 2019 $'000
Property, plant and equipment	21,504
Intangible assets – customer relationship	9,758
Other non-current assets	415
Trade and other receivables	11,266
Other current assets	3,328
Cash and bank balances	6,102
	52,373
Other long-term liabilities	13,370
Trade and other payables	8,709
Other current liabilities	944
	23,023
Total net identifiable assets at fair value	29,350
Consideration transferred	30,181
Deferred consideration	12,524
Non-controlling interest measured at its proportionate share	14,675
Less: Goodwill arising from acquisition	(28,030)
	29,350

Goodwill arising from acquisition

The purchase price allocation exercise was finalised in FY2019-20 and a goodwill amounting to $28,030,000 arose from the acquisition of 50% equity interest in NWA through SATS China. This was attributable to the assembled workforce, as well as the potential synergies in connectivity expected to arise from the partnership.

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17. Investment in Subsidiaries (cont'd)

B – Step-up acquisition of Country Foods Pte. Ltd. ("CFPL") (Formerly known as SATS BRF Food Pte. Ltd.)

On 5 September 2019, the Company's wholly-owned subsidiary, SATS Food Services Pte. Ltd. acquired the remaining 49% equity interest in CFPL. As a result of the step-up acquisition, CFPL became an indirect wholly-owned subsidiary of the Company.

The step-up acquisition allowed the Company to acquire full control of CFPL for a quicker establishment of the Company's centralised procurement and distribution platform which would enable the Company to develop more efficient supply chain practices such as diversified sourcing, consolidated purchases and consolidated distribution to customers and across the SATS Group.

The fair value of the identifiable assets and liabilities were:

	September 2019 $'000
Property, plant and equipment	3,197
Intangible assets	9,613
Other non-current assets	224
Trade and other receivables	25,837
Other current assets	25,976
Cash and bank balances	9,968
	74,815
Other long-term liabilities	241
Trade and other payables	18,767
Other current liabilities	3,884
	22,892
Total net identifiable assets at fair value	51,923
Carrying value of investment in CFPL before step-up acquisition	34,923
Consideration transferred	17,000
	51,923

C – Acquisition of Monty's Bakehouse UK Limited ("MBUK")

On 29 February 2020, a wholly-owned subsidiary of the Company, SATS Investments Pte. Ltd. acquired 100% of the existing shares in the capital of Monty's Bakehouse UK Limited ("MBUK") from existing shareholders.

MBUK is a company incorporated in the United Kingdom, and is in the business of providing hand-held meals and snacks to leading airline customers globally. It has two wholly-owned subsidiaries incorporated in the United Arab Emirates and the Netherlands. MBUK and its subsidiaries shall collectively be referred to as the "Monty's Bakehouse Group".

The Monty's Bakehouse Group operates an asset-light business model where it designs and develops concepts in-house and outsources the packaging, manufacturing and supply chain functions. It has in-house expertise in brand and packaging design, culinary excellence, and the commissioning of food manufacturing facilities.

17. Investment in Subsidiaries (cont'd)

Fair values measured on a provisional basis

The fair value of material assets acquired has been determined provisionally pending completion of an independent valuation. If new information obtained within one year from the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts or any additional provisions existed at the date of acquisitions, then the accounting for the acquisition will be revised.

The provisional fair value of the identifiable assets and liabilities were:

	February 2020 $'000
Property, plant and equipment	2,592
Intangible assets	5,503
Trade and other receivables	3,745
Other current assets	7,037
Cash and bank balances	8,765
	27,642
Trade and other payables	4,850
Other current liabilities	1,517
	6,367
Total net identifiable assets at fair value	21,275
Consideration transferred	30,577
Deferred consideration	13,836
Less: Provisional goodwill arising from acquisition	(23,138)
	21,275

Provisional goodwill arising from acquisition

The provisional goodwill amounting to $23,138,000 arose from the acquisition of 100% equity interest in MBUK. This was attributable to products and capabilities expected to arise from the acquisition.

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Asset required	Valuation technique
Property, plant and equipment	*Market comparison technique and cost technique:* The valuation model considers quoted market prices for similar items when they are available, and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

Measurement of fair values

Intangible assets	*Multi-period excess earnings method:* The multi-period excess earnings method considers the present value of net cash flows related to contributory assets.
Inventories	*Market comparison technique:* The fair value is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

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17. Investment in Subsidiaries (cont'd)

Loan to and from subsidiaries

	COMPANY	
	31 Mar 2020 $'000	31 Mar 2019 $'000
Loan to subsidiaries:		
Non-current	**380,086**	299,392
Current	**–**	217
	380,086	299,609

Current loan to a subsidiary of $217,000 as at 31 March 2019 was repaid during the financial year.

Non-current loan amounting to $45,000,000 (2019: nil) is unsecured, bears interest at 1.5% per annum above the 12 months SGD SIBOR and is repayable by 31 March 2024.

The remaining non-current loans to subsidiaries amounting to $335,086,000 (2019: $299,609,000) are unsecured, non-interest bearing, repayable on demand and not expected to be repaid in the next 12 months.

	COMPANY	
	31 Mar 2020 $'000	31 Mar 2019 $'000
Loan from subsidiaries:		
Current	**67,500**	38,500

Loan from subsidiaries is unsecured, bears interest at 1 month SIBOR less 0.3% per annum and repayable on demand.

18. Investment in Associates

	GROUP		COMPANY	
	31 Mar 2020 $'000	31 Mar 2019 $'000	31 Mar 2020 $'000	31 Mar 2019 $'000
Quoted shares, at cost	**116,428**	116,428	**–**	–
Unquoted shares, at cost	**478,048**	450,400	**375,474**	347,826
Impairment loss	**(26,813)**	(14,913)	**(34,753)**	(10,444)
Share of post-acquisition results	**247,636**	259,913	**–**	–
Accumulated amortisation of intangible assets	**(69,941)**	(60,993)	**–**	–
Share of statutory reserves of associates	**11,980**	10,767	**–**	–
Share of changes recognised directly in associates' equity	**(14,145)**	(11,213)	**–**	–
Foreign currency translation adjustments	**(125,393)**	(128,882)	**–**	–
	617,800	621,507	**340,721**	337,382

18. Investment in Associates (cont'd)

Amortisation of intangible assets

Customer-related intangible assets that arose from the acquisition of associates are recorded as part of the investment in associates. The useful lives of these intangible assets with definite useful lives were determined to be 2.5 to 18 years and these assets are amortised on a straight-line basis over their respective useful lives. The amortisation expense is included in the "Share of results of associates/joint ventures, net of tax" in the consolidated income statement.

Amounts due from associates

The amounts due from associates amounting to $1,199,000 (2019: $1,138,000) are unsecured, trade-related and are repayable on demand. Impairment loss of $2,900,000 was provided for in the financial year for amount due from an associate.

Associates

		GROUP			
		Cost of investment		Equity held	
Name of companies	Principal activities (Place of business)	31 Mar 2020 $'000	31 Mar 2019 $'000	31 Mar 2020 %	31 Mar 2019 %
Held by the Company					
Maldives Inflight Catering Private Limited [b, j]	Inflight catering services (Republic of Maldives)	**287**	287	**35.0**	35.0
Beijing Airport Inflight Kitchen Limited [c, j]	Inflight catering services (People's Republic of China)	**13,882**	13,882	**28.0**	28.0
Beijing Aviation Ground Services Co., Ltd [d, j]	Airport ground handling services (People's Republic of China)	**17,101**	17,101	**29.0**	29.0
Aviserv Limited [e, j] (Incorporated in Ireland)	Inflight catering services (Pakistan)	**3,313**	3,313	**49.0**	49.0
Tan Son Nhat Cargo Services Joint Stock Company Limited [f, j]	Air cargo handling services (Vietnam)	**979**	979	**15.0**	15.0
Asia Airfreight Terminal Company Limited [b, l]	Air cargo handling services (Hong Kong)	**92,663**	85,099	**49.0**	45.0
Servair-SATS Holding Company Pte Ltd [g, j]	Investment holding company (Singapore)	**509**	509	**49.0**	49.0
MacroAsia Catering Services, Inc. [g, j]	Inflight catering services (Philippines)	**11,604**	11,604	**33.0**	33.0

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18. Investment in Associates (cont'd)

Associates (cont'd)

		GROUP			
		Cost of investment		Equity held	
Name of companies	Principal activities (Place of business)	31 Mar 2020 $'000	31 Mar 2019 $'000	31 Mar 2020 %	31 Mar 2019 %
Held by the Company					
Taj Madras Flight Kitchen Private Limited [b, m]	Inflight catering services (India)	**–**	1,901	**–**	30.0
Evergreen Airline Services Corporation [f, j]	Airport ground handling services (Taiwan)	**5,404**	5,404	**20.0**	20.0
Evergreen Air Cargo Services Corporation [h, j]	Air cargo handling services (Taiwan)	**16,163**	16,163	**25.0**	25.0
Taj SATS Air Catering Limited [b]	Catering services (India)	**24,646**	24,646	**49.0**	49.0
PT Jasa Angkasa Semesta, Tbk [g, j]	Ground and cargo handling (Indonesia)	**105,532**	105,532	**49.8**	49.8
Evergreen Sky Catering Corporation [f, j]	Inflight catering services (Taiwan)	**39,765**	39,765	**25.0**	25.0
SATS HK Limited [h, j]	Ramp services, passenger handling services and operations control services (Hong Kong)	**14,813**	14,813	**49.0**	49.0
KrisShop Pte. Ltd. [a]	Travel retail business, offer inflight and ground-based duty-free and duty paid goods (Singapore)	**7,316**	6,828	**15.0**	15.0
Beijing CAH SATS Aviation Services Co., Ltd. [d, j]	Ground and cargo handling Services (People's Republic of China)	**21,497**	–	**40.0**	–
		375,474	347,826		

18. Investment in Associates (cont'd)

Associates (cont'd)

		GROUP			
		Cost of investment		Equity held	
Name of companies	Principal activities (Place of business)	31 Mar 2020 $'000	31 Mar 2019 $'000	31 Mar 2020 %	31 Mar 2019 %
Held through TFK Corporation					
Tasco Foods Co., Ltd. [k]	Production and sales of confectionery (Japan)	**2,748**	2,748	**29.6**	29.6
Held through SATS Investments Pte. Ltd.					
Brahim's SATS Investment Holdings Sdn. Bhd. [i, j]	Investment holding company (Malaysia)	**49,057**	49,057	**49.0**	49.0
Oman Air SATS Cargo LLC [h, j]	Air cargo handling services (Oman)	**23,038**	23,038	**33.0**	33.0
Held through SATS Investments (II) Pte. Ltd. & Cemerlang Pte. Ltd.					
PT Cardig Aero Services Tbk [g, j]	Aviation support and catering services (Indonesia)	**116,428**	116,428	**41.7**	41.7
Held through SATS Investments (II) Pte. Ltd.					
Mumbai Cargo Service Center Airport Private Limited [b]	Air cargo handling services (India)	**16,363**	16,363	**49.0**	49.0
Held through SATS Catering Pte. Ltd.					
PT Purantara Mitra Angkasa Dua [g, j]	Aviation catering services (Indonesia)	**11,368**	11,368	**20.0**	20.0
		594,476	566,828		

[a] Audited by KPMG, Singapore.
[b] Audited by member firms of KPMG International in the respective countries.
[c] Audited by Ruihua Certified Public Accountants Co., Ltd.
[d] Audited by BDO China Shu Lun Pan CPAs, Beijing.
[e] Audited by Fitzgerald & Associates, Ireland.
[f] Audited by Deloitte and Touche and its member firms.
[g] Audited by Ernst & Young and its member firms.
[h] Audited by PricewaterhouseCoopers and its member firms.
[i] Audited by Baker Tilly Monteiro Heng PLT.
[j] Financial year end on 31 December.
[k] Not required to be audited under the laws of their countries of incorporation.
[l] Refer to Note 26 for assets of disposal groups classified as held for sale.
[m] Held as a wholly owned subsidiary of Taj SATS Air Catering Limited ("TAJSATS") subsequent to the restructuring in September 2019. TMFK was previously an associate of the Company prior to September 2019.

There was no associate company that was considered as significant in accordance to Rule 718 of the Singapore Exchange Securities Trading Limited – Listing Rules.

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18. Investment in Associates (cont'd)

Corporate Guarantee

The Group has provided a proportionate guarantee up to a maximum amount of approximately $38,466,000 (2019: $42,348,000) to financial institutions for providing credit and banking facilities to an associate, which the Group is liable for in the event of default by the associate.

The Group's material investments in associates are summarised below:

	31 Mar 2020 $'000	31 Mar 2019 $'000
PT Jasa Angkasa Semesta, Tbk ("PT Jas")	**51,836**	57,083
Asia Airfreight Terminal Company Limited ("AAT")	**126,743**	118,338
PT Cardig Aero Services Tbk ("PT Cas")	**88,950**	107,088
Evergreen Sky Catering Corporation ("ESCC")	**78,231**	71,319
Other associates	**272,040**	267,679
	617,800	621,507
Fair value of PT Cas based on the quoted market price at reporting date (Level 1 in the fair value hierarchy)	**40,836**	56,977

Aggregate information about the Group's investments in associates that are not individually material are as follows:

	2019-20 $'000	2018-19 $'000
Share of profits after tax	**447**	21,823
Other comprehensive income	**4,714**	(3,688)
Total comprehensive income	**5,161**	18,135

The summarised financial information in respect of PT Jas, AAT, PT Cas and ESCC, based on their respective financial statements and a reconciliation with the carrying amount of the investment in consolidated financial statements are as follows:

Summarised statement of comprehensive income:

	PT Jas		AAT		PT Cas		ESCC	
	2019-20 $'000	2018-19 $'000	2019-20 $'000	2018-19 $'000	2019-20 $'000	2018-19 $'000	2019-20 $'000	2018-19 $'000
Revenue	**157,200**	148,248	**139,957**	150,571	**210,329**	184,802	**146,496**	155,213
Profit/(loss) after tax	**34,178**	29,857	**(5,897)**	13,172	**(19,666)**	1,506	**20,835**	23,714
Other comprehensive income	**(1,227)**	1,886	**–**	–	**776**	(59)	**(522)**	(813)
Total comprehensive income	**32,951**	31,743	**(5,897)**	13,172	**(18,890)**	1,447	**20,313**	22,901

18. Investment in Associates (cont'd)

Summarised statement of financial position as at 31 March:

	PT Jas		AAT		PT Cas		ESCC	
	31 Mar 2020 $'000	**31 Mar 2019 $'000**	**31 Mar 2020 $'000**	**31 Mar 2019 $'000**	**31 Mar 2020 $'000**	**31 Mar 2019 $'000**	**31 Mar 2020 $'000**	**31 Mar 2019 $'000**
Current assets	**40,822**	42,837	**152,121**	148,421	**62,675**	89,228	**58,045**	61,468
Non-current assets excluding goodwill	**35,786**	42,950	**295,038**	128,055	**82,600**	105,282	**330,963**	310,226
Goodwill	**–**	–	**–**	–	**1,305**	1,626	**–**	–
Total assets	**76,608**	85,787	**447,159**	276,476	**146,580**	196,136	**389,008**	371,694
Current liabilities	**40,446**	38,693	**53,829**	32,147	**72,392**	74,391	**41,314**	29,070
Non-current liabilities	**11,673**	19,388	**168,119**	12,791	**19,682**	41,760	**68,404**	95,391
Total liabilities	**52,119**	58,081	**221,948**	44,938	**92,074**	116,151	**109,718**	124,461
Net assets	**24,489**	27,706	**225,211**	231,538	**54,506**	79,985	**279,290**	247,233

	PT Jas		AAT		PT Cas		ESCC	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**	**2020 $'000**	**2019 $'000**	**2020 $'000**	**2019 $'000**
Net assets excluding goodwill	**24,489**	27,706	**225,211**	231,538	**53,202**	78,359	**279,290**	247,233
Less: Non-controlling interest	**–**	–	**–**	–	**(15,051)**	(18,173)	**–**	–
	24,489	27,706	**225,211**	231,538	**38,151**	60,186	**279,290**	247,233
Proportion of the Group's ownership	**49.8%**	49.8%	**49.0%**	45.0%	**41.7%**	41.7%	**25.0%**	25.0%
Group's share of net assets	**12,196**	13,797	**110,353**	104,192	**15,890**	25,067	**69,822**	61,808
Goodwill on acquisition and intangible assets	**39,640**	43,286	**16,390**	14,146	**73,060**	82,021	**8,409**	9,511
Carrying amount of the investment	**51,836**	57,083	**126,743**	118,338	**88,950**	107,088	**78,231**	71,319
Group's interest in net assets of investee at beginning of the year	**57,083**	53,683	**118,338**	118,605	**107,088**	109,962	**71,319**	70,464
Reclassified from asset held for sale	**–**	–	**10,519**	–	**–**	–	**–**	–
Group's share of:								
Profit/(loss)	**17,020**	14,869	**(2,890)**	6,454	**(10,433)**	(1,565)	**3,364**	4,063
Other comprehensive income	**(5,516)**	934	**7,732**	4,303	**(7,705)**	(26)	**5,025**	(1,863)
Equity stake held for sale	**–**	–	**–**	24	**–**	–	**–**	–
Total comprehensive income	**11,504**	15,803	**15,361**	10,781	**(18,138)**	(1,591)	**8,389**	2,200
Dividends received during the year	**(16,751)**	(12,403)	**(6,956)**	(11,048)	**–**	(1,283)	**(1,477)**	(1,345)
Carrying amount of interest in investee at end of the year	**51,836**	57,083	**126,743**	118,338	**88,950**	107,088	**78,231**	71,319

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19. Investment in Joint Ventures

	GROUP		COMPANY	
	31 Mar 2020 $'000	31 Mar 2019 $'000	31 Mar 2020 $'000	31 Mar 2019 $'000
Unquoted shares, at cost	**34,126**	57,166	**12,014**	12,014
Post-acquisition revenue reserve capitalised as share capital	**3,090**	3,090	**–**	–
Fair value remeasurement on retained interest	**–**	13,306	**–**	–
Share of post-acquisition results	**46,605**	39,719	**–**	–
Others	**(101)**	(28)	**–**	–
Foreign currency translation	**(12,534)**	(10,808)	**–**	–
	71,186	102,445	**12,014**	12,014

Amounts due from/to joint ventures

The amounts due from joint ventures amounting to $1,639,000 (2019: $4,148,000) and amount due to joint ventures amounting to $10,450,000 (2019: $9,267,000) are unsecured, trade-related and are repayable on demand.

Joint ventures

		GROUP			
		Cost of investment		Equity held	
Name of companies	Principal activities (Place of business)	31 Mar 2020 $'000	31 Mar 2019 $'000	31 Mar 2020 %	31 Mar 2019 %
Held by the Company					
Air India SATS Airport Services Private Limited [a]	Ground handling and cargo handling services (India)	**12,014**	12,014	**50.0**	50.0
Unquoted shares held by Company, at cost		**12,014**	12,014		
Held through SATS Food Services Pte. Ltd.					
Country Foods Pte. Ltd. (Formerly known as SATS BRF Food Pte. Ltd.) [b, c]	Meat processing, manufacturing of branded food products (Singapore)	**–**	24,480	**–**	51.0
SG IPF Pte. Ltd. [b]	Investment holding (Singapore)	**12,957**	11,517	**60.0**	60.0

19. Investment in Joint Ventures (cont'd)

Joint ventures (cont'd)

		GROUP			
		Cost of investment		Equity held	
Name of companies	Principal activities (Place of business)	31 Mar 2020 $'000	31 Mar 2019 $'000	31 Mar 2020 %	31 Mar 2019 %
Held through SATS Asia-Pacific Star Private Limited					
DFASS SATS Pte. Ltd. [b]	Inflight duty-free and duty-paid sales, offer mail order and pre-order service, supply liquor for inflight pantry services, and operate ground based duty-free and duty-paid retail sales (Singapore)	**9,019**	9,019	**50.0**	50.0
Held through SATS Airport Services Pte Ltd					
SATS PPG Singapore Pte. Ltd. [b]	Manage and operate airport lounge (Singapore)	**136**	136	**50.0**	50.0
		34,126	57,166		

[a] Audited by member firm of KPMG International.
[b] Audited by KPMG, Singapore.
[c] The joint venture is now a subsidiary following a step-up acquisition.

The Group's material investments in joint ventures are summarised below:

	31 Mar 2020 $'000	31 Mar 2019 $'000
Air India SATS Airport Services Private Limited ("AISATS")	**46,232**	44,275
Country Foods Pte. Ltd. ("CFPL")	**–**	34,610
Ground Team Red Holdings Sdn. Bhd. ("GTRH")	**–**	–
Other joint ventures	**24,954**	23,560
	71,186	102,445

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19. Investment in Joint Ventures (cont'd)

Aggregate information about the Group's investments in joint ventures that are not individually material are as follows:

	2019-20 $'000	2018-19 $'000
Share of (loss)/profit after tax	**(16)**	4,379
Other comprehensive income	**(30)**	(302)
Total comprehensive income	**(46)**	4,077

The summarised financial information in respect of Air India SATS Airport Services Private Limited ("AISATS"), Country Foods Pte. Ltd. ("CFPL") and Ground Team Red Holdings Sdn. Bhd. ("GTRH") based on their respective financial statements and a reconciliation with the carrying amount of the investment in consolidated financial statements are as follows:

	AISATS		CFPL*		GTRH**	
	2019-20 $'000	2018-19 $'000	2019-20 $'000	2018-19 $'000	2019-20 $'000	2018-19 $'000
Revenue	**146,887**	138,719	**84,571**	194,594	**–**	57,904
Operating expenses	**(134,711)**	(121,860)	**(83,960)**	(192,985)	**–**	(52,619)
Interest (expenses)/income	**(2,222)**	(1,805)	**3**	25	**–**	–
Profit before tax	**9,954**	15,054	**614**	1,634	**–**	5,285
Income tax expenses	**(2,036)**	(1,586)	**–**	(116)	**–**	(2,421)
Profit after tax	**7,918**	13,468	**614**	1,518	**–**	2,864
Other comprehensive income	**–**	–	**–**	–	**–**	–
Total comprehensive income	**7,918**	13,468	**614**	1,518	**–**	2,864

* CFPL became a subsidiary during the year subsequent to step up acquisition of remaining 49% equity interest and FY2019-20 only consisted of 5 months results prior to the step up acquisition.

** The figures disclosed include Ground Team Red Sdn. Bhd. ("GTR") being a subsidiary of GTRH and FY2018-19 only consisted of 9 months results prior to the consolidation of GTRH.

19. **Investment in Joint Ventures** (cont'd)

Summarised statement of financial position as follow:

	AISATS		CFPL		GTRH*	
	31 Mar 2020 $'000	**31 Mar 2019 $'000**	**31 Mar 2020 $'000**	**31 Mar 2019 $'000**	**31 Mar 2020 $'000**	**31 Mar 2019 $'000**
Cash and cash equivalents	**1,947**	3,898	**–**	8,982	**–**	–
Inventories	**3,043**	2,921	**–**	25,863	**–**	–
Other receivable	**2,118**	1,815	**–**	472	**–**	–
Trade receivable	**64,067**	44,974	**–**	28,397	**–**	–
Current assets	**71,175**	53,608	**–**	63,714	**–**	–
Non-current assets	**92,289**	92,992	**–**	3,439	**–**	–
Total assets	**163,464**	146,600	**–**	67,153	**–**	–
Current liabilities	**53,473**	34,850	**–**	25,381	**–**	–
Non-current liabilities	**17,527**	23,200	**–**	–	**–**	–
Total liabilities	**71,000**	58,050	**–**	25,381	**–**	–
Net assets	**92,464**	88,550	**–**	41,772	**–**	–
Net assets excluding goodwill	**92,464**	88,550	**–**	41,772	**–**	–
Less: Non-controlling interest	**–**	–	**–**	–	**–**	–
	92,464	88,550	**–**	41,772	**–**	–
Proportion of the Group's ownership	**50.0%**	50.0%	**–**	51.0%	**–**	–
Group's share of net assets	**46,232**	44,275	**–**	21,304	**–**	–
Fair value remeasurement on retained interest	**–**	–	**–**	13,306	**–**	–
Carrying amount of the investment	**46,232**	44,275	**–**	34,610	**–**	–
Group's interest in net assets of investee at beginning of the year/at acquisition date	**44,275**	38,935	**34,610**	33,836	**–**	157,694
Group's share of total comprehensive income for the year	**2,189**	5,727	**313**	774	**–**	(3,485)
Dividends received during the year	**(232)**	(387)	**–**	–	**–**	–
Capital injection	**–**	–	**–**	–	**–**	6,677
Reclassification to subsidiary	**–**	–	**(34,923)**	–	**–**	(160,886)
Carrying amount of interest in investee at end of the year	**46,232**	44,275	**–**	34,610	**–**	–

* The figures disclosed include Ground Team Red Sdn. Bhd. ("GTR") being a subsidiary of GTRH.

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20. Long-Term Investments

	GROUP		COMPANY	
	31 Mar 2020 $'000	31 Mar 2019 $'000	31 Mar 2020 $'000	31 Mar 2019 $'000
Quoted equity investment	**211**	247	**–**	–
Unquoted equity investment	**6,060**	–	**6,060**	–
Loan, secured	**21,312**	20,276	**–**	–
Others	**122**	114	**–**	–
	27,705	20,637	**6,060**	–

The secured loan of $21,312,000 (2019: $20,276,000) refers to an investment in a 5-year secured loan of US$14,963,000 (2019: US$14,963,000) with interest rate of 6.5% (2019: 6.5%) per annum (Note 33(c)).

21. Deferred Taxation

	GROUP			
	Consolidated Statement of Financial Position		Consolidated Income Statement	
	31 Mar 2020 $'000	31 Mar 2019 $'000	2019-20 $'000	2018-19 $'000
Deferred tax liabilities				
Property, plant and equipment	**47,843**	43,602	**1,298**	(2,135)
Intangible assets	**21,855**	21,833	**2,522**	1,172
Provisions	**(1,101)**	(1,621)	**(1,297)**	(31)
Defined benefit plan	**58**	58	**–**	–
Unremitted foreign dividend and interest income	**6,478**	6,468	**(10)**	(246)
Fair value gain	**1,089**	–	**–**	–
Unutilised tax losses/capital allowances	**(2,246)**	–	**(1,226)**	–
Undistributed earnings of associates/ joint ventures	**17,078**	17,442	**(3,086)**	(5,073)
Other temporary differences	**(352)**	(168)	**384**	(184)
	90,702	87,614		
Deferred tax assets				
Provisions	**4,661**	4,694	**(1,202)**	350
Unutilised tax losses	**6,249**	4,811	**1,292**	(1,405)
Property, plant and equipment	**2,768**	2,455	**2**	567
	13,678	11,960	**(1,323)**	(6,985)

21. Deferred Taxation (cont'd)

	COMPANY	
	31 Mar 2020 $'000	**31 Mar 2019 $'000**
Deferred tax liabilities		
Property, plant and equipment	**20,765**	21,386
Provision	**(1,218)**	(1,304)
Unremitted foreign dividend and interest income	**6,478**	6,467
	26,025	26,549

Unrecognised tax losses

At the end of the reporting period, the Group has tax losses of approximately $26,018,000 (2019: $17,372,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

22. Other Non-Current Assets

Other non-current assets relate mainly to long-term prepayments and lease deposits.

23. Trade and Other Receivables

	GROUP		COMPANY	
	31 Mar 2020 $'000	**31 Mar 2019 $'000**	**31 Mar 2020 $'000**	**31 Mar 2019 $'000**
Trade and other receivables:				
Trade receivables	**153,507**	132,502	**1,750**	3,576
Staff loans	**203**	75	**35**	56
Sundry receivables	**35,144**	17,468	**3,010**	2,120
Government grant receivables	**79,996**	–	**4,681**	–
Amounts due from related parties – Trade	**117,114**	150,863	**–**	–
Amounts due from related companies – Non-trade	**–**	–	**87,441**	102,988
	385,964	300,908	**96,917**	108,740

Trade receivables are generally on 30 – 90 day terms.

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23. Trade and Other Receivables (cont'd)

Trade receivables denominated in foreign currencies at 31 March are as follows:

	GROUP		COMPANY	
	31 Mar 2020 $'000	31 Mar 2019 $'000	31 Mar 2020 $'000	31 Mar 2019 $'000
United States Dollar	**2,011**	2,954	**–**	193

The carrying amount of trade receivables impaired by credit losses is reduced through the use of an allowance account unless on the date the impairment loss is recognised, the Group ascertains the amount to be uncollectible whereby it would be reduced directly. In subsequent periods when a trade receivable is ascertained to be uncollectible, it is written off against the allowance account.

Significant financial difficulties of the debtors, probability that the debtors will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days aging of receivables balances) are considered indicators that the amounts owing by the debtors are impaired. Individual trade receivable is written off when management deems the amount not collectible.

Trade receivables are stated after impairment. Analysis of the impairment account is as follows:

	GROUP		COMPANY	
	31 Mar 2020 $'000	31 Mar 2019 $'000	31 Mar 2020 $'000	31 Mar 2019 $'000
Balance at 1 April	**1,305**	1,408	**146**	146
Exchange differences	**28**	(1)	**–**	–
Write-off against provisions	**(15)**	(45)	**–**	–
Charge to/(write-back) income statement	**1,070**	(57)	**(124)**	–
Acquisition of subsidiary	**424**	–	**–**	–
Disposal of subsidiary	**(149)**	–	**–**	–
Balance at 31 March	**2,663**	1,305	**22**	146
Bad debts write-off directly to income statement	**60**	402	**–**	–

Staff loans

There was no interest charge on the staff loans for FY2019-20 and FY2018-19.

Sundry receivables

Sundry receivables are unsecured, interest-free and repayable upon demand.

Amounts due from related parties

The amounts due to the Group are trade-related, with a credit term of 45 days. The amounts due to the Company are unsecured, interest-free and are repayable upon demand.

24. Inventories

	GROUP		COMPANY	
	31 Mar 2020 $'000	**31 Mar 2019 $'000**	**31 Mar 2020 $'000**	**31 Mar 2019 $'000**
Food supplies and dry stores	**59,519**	13,505	**–**	–
Technical spares	**10,146**	10,310	**–**	–
Other consumables	**796**	500	**381**	383
	70,461	24,315	**381**	383
Income Statement:				
Inventories recognised as an expense	**339,591**	270,872	**–**	–
Inclusive:				
– Inventories written down	**402**	188	**–**	–

25. Cash and Short-Term Deposits

Cash at banks earns interest at floating rates based on daily bank deposit rates ranging from 0.00% to 2.2% (2019: 0.00% to 1.50%) per annum. Short-term deposits are made for varying periods of between 2 days and 180 days depending on the expected cash requirements of the Group, and earn interest at the effective interest rate ranging from 0.00% to 2.6% (2019: 0.00% to 3.11%) per annum.

(a) Cash and cash equivalents included in the consolidated statement of cash flows comprise the following amounts in statements of financial position:

	GROUP		COMPANY	
	31 Mar 2020 $'000	**31 Mar 2019 $'000**	**31 Mar 2020 $'000**	**31 Mar 2019 $'000**
Fixed deposits	**434,052**	230,398	**369,000**	162,355
Cash and bank balances	**115,153**	119,461	**6,386**	14,140
	549,205	349,859	**375,386**	176,495

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25. Cash and Short-Term Deposits (cont'd)

(b) Analysis of capital expenditure cash flows:

	GROUP	
	2019-20 $'000	2018-19 $'000
Additions of property, plant and equipment (Note 14)	**73,817**	83,419
Additions of intangible assets (Note 16)	**8,992**	7,061
Accrual for additions of property, plant and equipment (Note 27)	**(7,165)**	(2,840)
Cash invested in property, plant and equipment and intangible assets	**75,644**	87,640

(c) Cash and short-term deposits denominated in foreign currencies at 31 March are as follows:

	GROUP		COMPANY	
	31 Mar 2020 $'000	31 Mar 2019 $'000	31 Mar 2020 $'000	31 Mar 2019 $'000
Australian Dollar	**5,437**	4,480	**–**	–
United States Dollar	**3,104**	5,919	**1,695**	3,865
Japanese Yen	**514**	363	**514**	363

26. Assets of Disposal Groups Classified as Held For Sale

As at 31 March 2020, assets of disposal groups classified as held for sale in relation to the 4% issued shares of Asia Airfreight Terminal Company Limited ("AAT") were reclassified to investment in associates. The carrying amount of the reclassified assets at Group and Company were $10,519,000 (2019: $10,519,000) and $7,564,000 (2019: 7,564,000) respectively.

The assets classified as held for sale are as follows:

	GROUP		COMPANY	
	31 Mar 2020 $'000	31 Mar 2019 $'000	31 Mar 2020 $'000	31 Mar 2019 $'000
Investment in associates/joint ventures	**–**	10,519	**–**	7,564
Assets of disposal groups classified as held for sale	**–**	10,519	**–**	7,564

27. Trade and Other Payables

	GROUP		COMPANY	
	31 Mar 2020 $'000	31 Mar 2019 $'000	31 Mar 2020 $'000	31 Mar 2019 $'000
Current:				
Trade payables	**178,985**	161,643	**8,313**	12,417
Other payables:				
Tender deposits	**3,840**	4,514	**2,556**	2,519
Accrued expenses	**171,708**	145,481	**22,336**	23,263
Purchase of property, plant and equipment	**15,696**	8,531	**1,533**	86
Others	**824**	1,675	**16**	–
	192,068	160,201	**26,441**	25,868
Amounts due to related companies	**2,398**	764	**–**	177
Deposits placed by subsidiaries	**–**	–	**33,445**	166,192
Trade and other payables	**373,451**	322,608	**68,199**	204,654
Non-current:				
Deferred considerations	**27,809**	–	**–**	–
Accrued expenses	**30,999**	18,802	**8,679**	9,168
Other payables	**58,808**	18,802	**8,679**	9,168

Trade and other payables are non-interest bearing. Trade payables are normally settled on 60-day terms while other current payables have an average term of three to six months.

Trade and other payables denominated in foreign currencies are as follows:

	GROUP		COMPANY	
	31 Mar 2020 $'000	31 Mar 2019 $'000	31 Mar 2020 $'000	31 Mar 2019 $'000
Australian Dollar	**455**	203	**–**	–
Great Britain Pound	**169**	140	**–**	–
Euro	**161**	434	**–**	–
United States Dollar	**2,986**	719	**–**	172
Swiss Franc	**120**	247	**–**	–
Japanese Yen	**20**	178	**–**	–

Amounts due to related companies

These amounts are trade-related, unsecured, non-interest bearing and repayable on demand. Purchases from related companies are made at agreed terms.

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28. Term Loans

	GROUP		COMPANY	
	31 Mar 2020 $'000	31 Mar 2019 $'000	31 Mar 2020 $'000	31 Mar 2019 $'000
Unsecured:				
Repayable within one year	**106,000**	–	**100,000**	–
Repayable after one year	**102,430**	95,437	**102,430**	95,437
	208,430	95,437	**202,430**	95,437
Secured:				
Repayable within one year	**6,405**	–	**–**	–
Total term loans	**214,835**	95,437	**202,430**	95,437
Represented by:				
Current	**112,405**	–	**100,000**	–
Non-current	**102,430**	95,437	**102,430**	95,437
	214,835	95,437	**202,430**	95,437

			GROUP		COMPANY	
	Interest rate	Maturity date	Outstanding as at		Outstanding as at	
			31 Mar 2020 $'000	31 Mar 2019 $'000	31 Mar 2020 $'000	31 Mar 2019 $'000
Unsecured term loans:						
JPY floating rate	0.44%	November 2021	**102,430**	95,437	**102,430**	95,437
SGD floating rate	1.48%	September 2020	**50,000**	–	**50,000**	–
SGD floating rate	1.48%	September 2020	**50,000**	–	**50,000**	–
SGD fixed rate	2.00%	April 2020	**3,000**	–	**–**	–
SGD fixed rate	2.00%	April 2020	**3,000**	–	**–**	–
			208,430	95,437	**202,430**	95,437
Secured term loans:						
CNY fixed rate	6.50%	May 2020	**1,004**	–	**–**	–
CNY fixed rate	6.50%	July 2020	**803**	–	**–**	–
CNY fixed rate	6.50%	July 2020	**602**	–	**–**	–
CNY fixed rate	6.50%	August 2020	**602**	–	**–**	–
CNY fixed rate	6.30%	July 2020	**603**	–	**–**	–
CNY fixed rate	6.30%	July 2020	**803**	–	**–**	–
CNY fixed rate	4.35%	December 2020	**1,024**	–	**–**	–
CNY fixed rate	4.35%	December 2020	**964**	–	**–**	–
			6,405	–	**–**	–

As at 31 March 2020, there were six unsecured loans held by the Group (2019: two) and four (2019: two) unsecured loans held by the Company. The unsecured loans, held by the Company, have an interest rate of 0.44% to 2.00% per annum and maturity date of April 2020 and November 2021.

There were eight (2019: nil) secured term loans held by the Group as at 31 March 2020. The loans as at 31 March 2020 were secured on the property, plant and equipment and other assets of the subsidiaries.

28. **Term Loans** (cont'd)

Hedge of net investments in foreign operations

Included in loans as at 31 March 2020 was the term loans of JPY7.8 billion (2019: JPY7.8 billion), approximately $102.4 million (2019: $95.4 million), which have been designated as a hedge of the net investment in its subsidiary, TFK Corporation in Japan, and is being used to hedge the Group's exposure to foreign exchange risk on this investment. Foreign exchange gains or losses on the translation of this term loan are transferred to equity to offset any gains or losses on translation of the net investment in the subsidiary. There is no ineffectiveness portion transferred to profit or loss in the year ended 31 March 2020 (2019: nil).

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities			
	Term Loans $'000	Leases $'000	Note Payables $'000	Total $'000
Balance at 1 April 2018	105,884	536	–	106,420
Changes from financing cash flows				
Repayment of term loans	(9,789)	–	–	(9,789)
Repayment of finance leases and related charges	–	(255)	–	(255)
Effect of changes in foreign exchange rates	(658)	–	–	(658)
Other changes				
Interest expense	–	14	–	14
Balance at 31 March 2019	95,437	295	–	95,732
Effect of SFRS(I) 16	–	182,001	–	182,001
Adjustment to SFRS(I) 16 at 1 April 2019	–	4,791	–	4,791
Changes from financing cash flows				
Proceeds from term loans and note payables	106,000	–	198,930	304,930
Repayment of term loans	(3,594)	–	–	(3,594)
Repayment of finance leases and related charges	–	(17,145)	–	(17,145)
Effect of changes in foreign exchange rates	7,373	4,095	–	11,468
Other changes				
Acquisition of subsidiaries	9,619	–	–	9,619
Addition of lease liabilities	–	30,646	–	30,646
Interest expense/professional fees	–	4,923	1,070	5,993
Balance at 31 March 2020	214,835	209,606	200,000	624,441

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29. Note Payable

	GROUP		COMPANY	
	31 Mar 2020 $'000	31 Mar 2019 $'000	31 Mar 2020 $'000	31 Mar 2019 $'000
Note payable	**200,000**	–	**200,000**	–

Notes payable at 31 March 2020 comprised unsecured notes issued by the Company. The details are set out below.

Series	Year of issuance	Principle amount ($'M)	Fixed interest rate per annum (%)	Date payable
SGD500 Million Multicurrency Medium Term Note Programme				
001	2020	200.0	2.88	March 2025

30. Lease Liabilities

	GROUP		COMPANY	
	31 Mar 2020 $'000	31 Mar 2019 $'000	31 Mar 2020 $'000	31 Mar 2019 $'000
Current Liabilities				
Lease liabilities	**19,442**	146	**2,958**	–
Non-Current Liabilities				
Lease liabilities	**190,164**	149	**63,527**	–

Total lease payment made during the year amounted to $18,039,000 (2019: $255,000).

Lease liabilities

The Group has finance leases for equipment and motor vehicles. These lease agreements do not have renewal clauses but provide the Group with options to purchase the leased assets at nominal values at the end of the lease term.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	GROUP	
	31 Mar 2019	
	Minimum payments $'000	Present value of payments $'000
Not later than one year	164	146
Later than one year but not later than five years	168	149
Total future minimum lease payments	332	295
Less: Amounts representing finance charges	(37)	–
Present value of minimum lease payments	295	295

The average discount rates implicit in the leases are 5.40% – 5.50% (2019: 0.01% – 5.40%) per annum for the lease of equipment and motor vehicles.

31. Related Party Transactions

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key Management Personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group. The Group considers the Chief Executive Officer, Chief Financial Officer and all Business Unit Heads to be Key Management Personnel of the Group.

In addition to the related party information disclosed elsewhere in the financial statements, the following significant related party transactions took place on terms agreed between the parties during the financial year:

Sale and purchase of goods and services

	GROUP	
	2019-20 $'000	**2018-19 $'000**
Services rendered by:		
Related parties	**30,784**	40,934
Associates/joint ventures	**6,187**	15,259
	36,971	56,193
Sales to:		
Related parties	**811,512**	836,525
Associates/joint ventures	**990**	2,710
	812,502	839,235
Rental income:		
Associates/joint ventures	**485**	2,170

Directors' and key executives' remuneration

	GROUP	
	2019-20 $'000	**2018-19 $'000**
Directors		
Directors' fees (Note 6)		
– paid by the Company	**1,162**	1,128
– paid by subsidiaries of the Group	**–**	13
	1,162	1,141
Key executives		
Salary, bonuses and other costs	**7,568**	8,030
CPF and other defined contributions	**53**	62
Share-based compensation expense	**4,200**	2,502
	11,821	10,594

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31. Related Party Transactions (cont'd)

Shares awarded to key executives of the Group during the year and since the commencement of the Restricted Share Plan ("RSP") and Performance Share Plan ("PSP") are as follows:

Name of participant	Shares granted during financial year	Aggregate shares granted since commencement of plan to end of financial year#	Aggregate shares vested since commencement of plan to end of financial year	Aggregate shares not released at end of financial year
Alexander Charles Hungate	632,600	4,709,136	(3,219,736)	1,489,400
Yacoob Bin Ahmed Piperdi	180,700	1,941,235	(1,506,935)	434,300
Seah Kok Khong, Manfred	125,100	175,100	(25,100)	150,000
Mok Tee Heong Kerry	85,000	135,000	–	135,000
Denis Suresh Kumar Marie	93,400	953,848	(733,248)	220,600

Share grant is adjusted due to achievement of performance condition(s).

32. Capital and Other Commitments

The Group and the Company have commitments for capital expenditure. Such commitments aggregated to $104.3 million (2019: $94.7 million) for the Group and $18.4 million (2019: $16.7 million) for the Company. In aggregate, these commitments are not at prices in excess of current market prices.

33. Financial Instruments and Financial Risk Management

Financial Risk Management

The Group operates principally in Singapore and generates revenue mainly in Singapore Dollars. The Group also has investments outside of Singapore and it operates in more than 13 countries. The Group's operations carry certain financial and commodity risks, including the effects of changes in foreign exchange rates and interest rates. The Group's overall risk management approach is to minimise the effects of such volatility on its financial performance. It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments for specific exposures where appropriate and cost-efficient.

Financial risk management policies are periodically reviewed and approved by the Board of Directors. The Group has exposure to the following risks arising from the financial investments:

(a) Foreign Currency Risk

The Group is exposed to the effects of fluctuations in certain foreign exchange rates because of its foreign currency denominated operating revenue and expenses. However, the effects of foreign exchange rate fluctuations on the Group's operations are not significant because the Group's sales and purchases are mainly denominated in the respective functional currencies of the Group's entities, except for those disclosed as follows.

33. Financial Instruments and Financial Risk Management (cont'd)

Financial Risk Management (cont'd)

(a) Foreign Currency Risk (cont'd)

Exposure to currency risk

The summary of quantitative data about the exposure to currency risk (excluding the JPY-denominated bank loan that is designated as a hedge of the Group's net investment in its Japan subsidiary) as reported to the management of the Group is as follows:

	31 Mar 2020		31 Mar 2019	
GROUP	USD $'000	AUD $'000	USD $'000	AUD $'000
Trade and other receivables	**2,011**	**–**	2,954	–
Cash and short-term deposits	**3,104**	**5,437**	5,919	4,480
Loan, secured	**21,312**	**–**	20,276	–
Trade and other payables	**(2,986)**	**(455)**	(719)	(203)
	23,441	**4,982**	28,430	4,277

The following significant exchange rates have been applied.

	Average rate		Year-end spot rate	
	31 Mar 2020 $'000	31 Mar 2019 $'000	31 Mar 2020 $'000	31 Mar 2019 $'000
USD	**1.374**	1.358	**1.424**	1.355
AUD	**0.932**	0.988	**0.877**	0.961

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Singapore dollar, as indicated below against the USD and AUD at 31 March would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	Effect on profit before tax	
GROUP	2020 $'000	2019 $'000
USD (5% strengthening)	**(1,172)**	(1,422)
AUD (5% strengthening)	**(249)**	(214)
USD (5% weakening)	**1,172**	1,422
AUD (5% weakening)	**249**	214

Notes to the Financial Statements

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33. Financial Instruments and Financial Risk Management (cont'd)

Financial Risk Management (cont'd)

(b) Interest Rate Risk

The Group's earnings are affected by changes in interest rates due to the impact that such changes have on its interest income from cash and short-term deposits and its interest expense on term loans.

The Group's interest-bearing assets and interest-bearing liabilities are predominantly denominated in SGD, JPY and USD. Information relating to other interest-bearing assets and liabilities are disclosed in the cash and short-term deposits (Note 25) and term loans (Note 28).

The interest rate sensitivity analysis is based on the following assumptions:

- Changes in market interest rates affecting the interest income or finance charges of variable interest financial instruments.
- Changes in market interest rates affecting the carrying value of financial instruments with fixed interest rates if these are recognised at their fair value.

Under these assumptions, an increase or decrease in market interest rates of 50 basis points for all currencies in which the Group had deposits and term loans at 31 March would have the following effects:

	GROUP		COMPANY	
	31 March 2020 $'000	31 March 2019 $'000	31 March 2020 $'000	31 March 2019 $'000
Effect of an increase in 50 basis points in market interest rates				
Profit before tax	**(429)**	129	**(418)**	214
Effect of a decrease in 50 basis points in market interest rates				
Profit before tax	**429**	(129)	**418**	(214)

(c) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, cash and cash equivalents and loan receivable.

The Group's maximum exposure to credit risk in the event that counterparties fail to perform their obligations as at 31 March 2020 in relation to each class of recognised financial assets was the carrying amount of those assets as indicated in the statement of financial position.

The Group only transacts with credit-worthy counterparties. Surplus funds are placed as interest-bearing deposits with reputable financial institutions. Credit risks are managed by limiting aggregate exposure on all outstanding financial instruments to any individual counterparty, taking into account its credit rating. Such credit risk exposures are regularly reviewed, and adjusted as necessary. This mitigates the risk of material loss arising in the event of non-performance by counterparties.

Concentration of credit risk exists when changes in economic, industry or geographical factors affect the group of counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure.

33. Financial Instruments and Financial Risk Management (cont'd)

Financial Risk Management (cont'd)

(c) Credit Risk (cont'd)

The Group determines concentration of credit risk by monitoring the industry, country and credit rating of its counterparties. The table below shows an analysis of credit risk exposures of the financial assets of the Group and the Company as at 31 March:

GROUP	Outstanding balance		Percentage of total financial assets	
Credit profiles	31 Mar 2020 $'000	31 Mar 2019 $'000	31 Mar 2020 %	31 Mar 2019 %
By Industry				
Airlines	**194,619**	229,471	**20.7**	34.9
Financial institutions	**549,554**	349,458	**58.6**	53.3
Others	**193,834**	77,124	**20.7**	11.8
	938,007	656,053	**100.0**	100.0
By Region				
Singapore	**746,798**	478,708	**79.6**	73.0
Japan	**77,821**	80,722	**8.3**	12.3
Others	**113,388**	96,623	**12.1**	14.7
	938,007	656,053	**100.0**	100.0

COMPANY	Outstanding balance		Percentage of total financial assets	
Credit profiles	31 Mar 2020 $'000	31 Mar 2019 $'000	31 Mar 2020 %	31 Mar 2019 %
By Industry				
Airlines	**4,370**	3,501	**0.5**	0.6
Financial institutions	**375,473**	176,636	**43.9**	30.0
Related parties	**467,255**	402,597	**54.7**	68.4
Others	**7,686**	5,845	**0.9**	1.0
	854,784	588,579	**100.0**	100.0
By Region				
Singapore	**852,712**	584,843	**99.8**	99.4
Others	**2,072**	3,736	**0.2**	0.6
	854,784	588,579	**100.0**	100.0

Trade receivables

At the end of the reporting period, approximately:

– 44% (2019: 52%) of the Group's trade receivables were due from a major customer located in Singapore.
– 45% (2019: 54%) of the Group's trade receivables were due from related parties.

There is no concentration of customers' credit risk at the Company level.

The Group uses an allowance matrix to measure the lifetime expected credit loss allowance for trade receivables. In measuring the expected credit losses, trade receivables are grouped based on similar credit risk characteristics and days past due. In calculating the expected credit loss rates, the Group considers historical observed default rates analysed in accordance to days past due by segmenting customers based on industry and geographical classification. Trade and other receivables are written off when there is no reasonable expectation of recovery.

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33. Financial Instruments and Financial Risk Management (cont'd)

Financial Risk Management (cont'd)

(c) Credit Risk (cont'd)

Trade receivables (cont'd)

The following table provides information about the exposure to credit risk and ECLs for trade receivables for individual customers as at reporting date. There is no disclosure on the exposure to credit risk and ECLs for the Company's trade receivables balance as the amount is not material.

	Weighted average loss rate		Carrying value		Impairment loss allowance	
GROUP	**31 Mar 2020 %**	**31 Mar 2019 %**	**31 Mar 2020 $'000**	**31 Mar 2019 $'000**	**31 Mar 2020 $'000**	**31 Mar 2019 $'000**
Not past due	**0.17**	0.02	**185,163**	220,762	**317**	53
Past due 1 to 30 days	**0.53**	0.18	**34,368**	29,318	**182**	52
Past due 31 to 90 days	**1.82**	0.07	**38,467**	20,836	**702**	14
More than 90 days	**9.56**	8.62	**15,286**	13,754	**1,462**	1,186
			273,284	284,670	**2,663**	1,305

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and short-term deposits are entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed as above.

No aging analysis of other receivables are presented as the majorities of outstanding balances as at 31 March 2020 are current. The Group assesses that no allowance for impairment loss on other receivables is required.

As at 31 March 2020, the associates and joint ventures of the Group has recorded an allowance for credit losses of $28,600,000 arising mainly from a review of its trade and other receivables in view of COVID-19 pandemic. This is recorded in the "Share of results of associates/joint ventures, net of tax".

Amount due from related companies – non-trade and loan to subsidiaries

The Company held non-trade receivables due from its related companies of $87,441,000 (2019: $102,988,000) and loan to subsidiaries of $380,086,000 (2019: $299,392,000). These balances are amounts for working capital requirements. Based on an assessment of qualitative and quantitative factors that are indicative of the risk of default (including but not limited to audited financial statements, management accounts and cash flow projections, and applying experienced credit judgement), these exposures are considered to have low credit risk. Therefore impairment on these balances has been measured on the 12 month expected credit loss basis; and the amount of the allowance is insignificant.

Financial guarantees

The Group has issued financial guarantees to financial institution for granting of credit and banking facilities to its associate (see Note 18). These guarantees are subject to the impairment requirements of SFRS(I) 9. The Group has assessed that its associate has adequate financial capacity to meet the contractual cash flow obligations in the near future and hence, does not expect credit losses arising from these guarantees.

33. Financial Instruments and Financial Risk Management (cont'd)

Financial Risk Management (cont'd)

(c) Credit Risk (cont'd)

Cash and short-term deposits

The Group held cash and short-term deposits of $549.2 million as at 31 March 2020 (2019: $349.9 million). The cash and short-term deposits are held with bank and financial institution counterparties.

	Group			
	31 Mar 2020 $'000	31 Mar 2019 $'000	31 Mar 2020 %	31 Mar 2019 %
Investment grade (A to Aaa)	**526,139**	349,307	**95.8**	99.8
Others	**23,066**	552	**4.2**	0.2
	549,205	349,859	**100.0**	100.0

Impairment on cash and short-term deposits has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and short-term deposits have low credit risk based on the external credit ratings of the counterparties.

The amount of the allowances of cash and short-term deposits is negligible.

Loan, secured

The Group held a 5-year secured loan of $21,312,000 (2019: $20,276,000) which has been fully collaterised with quoted equity shares. As at 31 March 2020, the estimated fair value of the pledged shares based on the quoted market price is higher than the carrying value of the secured loan. Due to the COVID-19 pandemic, the quoted market price has declined and the estimated fair value of the pledged shares is lower than carrying value of the secured loan as at date of financial statements. The Group management believes that the decline in share price is a temporary result of COVID-19 pandemic and does not represent the recoverable amount of the pledged shares. The Group has performed an assessment on the estimated value-in-use of the investment and concluded that the estimated value is higher than the carrying value of the secured loan.

(d) Liquidity Risk

As at 31 March 2020, the Group had at its disposal, cash and cash equivalents amounting to $549.2 million (2019: $349.9 million). In addition, the Group has available short-term credit facilities of approximately $484.3 million (2019: $518.6 million) from revolving credit facilities granted by commercial banks. The Group also has a Medium Term Note Programme to issue Notes up to $500.0 million (2019: $500.0 million), out of which the Group has issued $200.0 million (2019: nil) Notes as at 31 March 2020.

The Group's holdings of cash, short-term deposits and investments, together with non-committed funding facilities and net cash flow from operations, are expected to be sufficient to cover the cost of all capital expenditure and any cash outflow from operating activities due in the next financial year. The shortfall, if any, could be met by further bank borrowings or public market funding.

The maturity profile of the financial assets and liabilities of the Group and the Company is shown in the table that follows. The amounts disclosed in the table are the contractual undiscounted cash flows.

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33. Financial Instruments and Financial Risk Management (cont'd)

Financial Risk Management (cont'd)

(d) Liquidity Risk (cont'd)

GROUP	Within 1 year $'000	1–2 years $'000	2–5 years $'000	More than 5 years $'000	Total $'000
31 March 2020					
Financial assets:					
Trade and other receivables	385,964	–	–	–	385,964
Amount due from associates/ joint ventures	2,838	–	–	–	2,838
Cash and short-term deposits	549,205	–	–	–	549,205
Total undiscounted financial assets	938,007	–	–	–	938,007
Financial liabilities:					
Trade and other payables	373,451	20,100	27,834	10,874	432,259
Amount due to associates/ joint ventures	10,450	–	–	–	10,450
Term loans	114,303	102,753	–	–	217,056
Note payable	5,760	5,760	217,280	–	228,800
Lease liabilities	29,442	23,832	44,470	169,033	266,777
Total undiscounted financial liabilities	533,406	152,445	289,584	179,907	1,155,342
Total net undiscounted financial assets/(liabilities)	404,601	(152,445)	(289,584)	(179,907)	(217,335)
31 March 2019					
Financial assets:					
Trade and other receivables	300,908	–	–	–	300,908
Amount due from associates/ joint ventures	5,286	–	–	–	5,286
Cash and short-term deposits	349,859	–	–	–	349,859
Total undiscounted financial assets	656,053	–	–	–	656,053
Financial liabilities:					
Trade and other payables	322,608	–	18,802	–	341,410
Amount due to associates/ joint ventures	9,267	–	–	–	9,267
Term loans	432	432	95,725	–	96,589
Lease liabilities	163	109	60	–	332
Total undiscounted financial liabilities	332,470	541	114,587	–	447,598
Total net undiscounted financial assets/(liabilities)	323,583	(541)	(114,587)	–	208,455

33. Financial Instruments and Financial Risk Management (cont'd)

Financial Risk Management (cont'd)

(d) Liquidity Risk (cont'd)

COMPANY	Within 1 year $'000	1–2 years $'000	2–5 years $'000	More than 5 years $'000	Total $'000
31 March 2020					
Financial assets:					
Trade and other receivables	96,917	–	–	–	96,917
Amount due from associates/ joint ventures	2,395	–	–	–	2,395
Loan to subsidiaries	–	–	–	380,086	380,086
Cash and short-term deposits	375,386	–	–	–	375,386
Total undiscounted financial assets	474,698	–	–	380,086	854,784
Financial liabilities:					
Loan from subsidiaries	67,965	–	–	–	67,965
Term loans	101,295	102,753	–	–	204,048
Note payable	5,760	5,760	217,280	–	228,800
Trade and other payables	68,130	–	8,679	–	76,809
Total undiscounted financial liabilities	243,150	108,513	225,959	–	577,622
Total net undiscounted financial assets/(liabilities)	231,548	(108,513)	(225,959)	380,086	277,162
31 March 2019					
Financial assets:					
Trade and other receivables	108,740	–	–	–	108,740
Amount due from associates/ joint ventures	3,735	–	–	–	3,735
Loan to subsidiaries	238	–	–	299,392	299,630
Cash and short-term deposits	176,495	–	–	–	176,495
Total undiscounted financial assets	289,208	–	–	299,392	588,600
Financial liabilities:					
Loan from subsidiaries	39,521	–	–	–	39,521
Term loans	432	432	95,725	–	96,589
Trade and other payables	204,654	–	9,168	–	213,822
Total undiscounted financial liabilities	244,607	432	104,893	–	349,932
Total net undiscounted financial assets/(liabilities)	44,601	(432)	(104,893)	299,392	238,668

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33. Financial Instruments and Financial Risk Management (cont'd)

Classification of Financial Instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 2 describe how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the financial assets and liabilities in the statement of financial position by the class of financial instrument to which they are assigned, and therefore by the measurement basis:

GROUP	Amortised costs $'000	FVOCI $'000	FVTPL $'000	Other financial liabilities $'000	Total $'000
31 March 2020					
Assets					
Long-term investments	21,434	211	6,060	–	27,705
Trade and other receivables	385,964	–	–	–	385,964
Amount due from associates/joint ventures	2,838	–	–	–	2,838
Cash and short-term deposits	549,205	–	–	–	549,205
	959,441	211	6,060	–	965,712
Total non-financial assets					2,044,122
Total assets					3,009,834
Liabilities					
Amount due to associates/joint ventures	–	–	–	10,450	10,450
Term loans	–	–	–	214,835	214,835
Note payables	–	–	–	200,000	200,000
Lease liabilities	–	–	–	209,606	209,606
Trade and other payables	–	–	–	421,663	421,663
	–	–	–	1,056,554	1,056,554
Total non-financial liabilities					147,757
Total liabilities					1,204,311

GROUP	Amortised costs $'000	FVOCI $'000	Other financial liabilities $'000	Total $'000
31 March 2019				
Assets				
Long-term investments	20,390	247	–	20,637
Trade and other receivables	300,908	–	–	300,908
Amount due from associates/joint ventures	5,286	–	–	5,286
Cash and short-term deposits	349,859	–	–	349,859
	676,443	247	–	676,690
Total non-financial assets				1,731,739
Total assets				2,408,429
Liabilities				
Amount due to associates/joint ventures	–	–	9,267	9,267
Term loans	–	–	95,437	95,437
Finance lease	–	–	295	295
Trade and other payables	–	–	341,410	341,410
	–	–	446,409	446,409
Total non-financial liabilities				144,901
Total liabilities				591,310

33. **Financial Instruments and Financial Risk Management** (cont'd)

Classification of Financial Instruments (cont'd)

COMPANY	Amortised costs $'000	FVTPL $'000	Other financial liabilities $'000	Total $'000
31 March 2020				
Assets				
Long-term investment	–	6,060	–	6,060
Trade and other receivables	96,917	–	–	96,917
Loan to subsidiaries	380,086	–	–	380,086
Amount due from associates/joint ventures	2,395	–	–	2,395
Cash and short-term deposits	375,386	–	–	375,386
	854,784	6,060	–	860,844
Total non-financial assets				1,421,977
Total assets				2,282,821
Liabilities				
Loan from subsidiaries	–	–	67,500	67,500
Term loans	–	–	202,430	202,430
Note payables	–	–	200,000	200,000
Trade and other payables	–	–	76,878	76,878
Lease liabilities	–	–	66,485	66,485
	–	–	613,293	613,293
Total non-financial liabilities				36,421
Total liabilities				649,714
31 March 2019				
Assets				
Trade and other receivables	108,740	–	–	108,740
Loan to subsidiaries	299,609	–	–	299,609
Amount due from associates/joint ventures	3,735	–	–	3,735
Cash and short-term deposits	176,495	–	–	176,495
	588,579	–	–	588,579
Total non-financial assets				1,322,045
Total assets				1,910,624
Liabilities				
Loan from subsidiaries	–	–	38,500	38,500
Term loans	–	–	95,437	95,437
Trade and other payables	–	–	213,822	213,822
	–	–	347,759	347,759
Total non-financial liabilities				39,681
Total liabilities				387,440

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33. Financial Instruments and Financial Risk Management (cont'd)

Fair Values

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques.

The quoted equity instruments classified as long-term investments are categorised within Level 1 of the fair value hierarchy. Fair value hierarchy Level 1 refers to quoted prices (unadjusted) in active markets for identical assets or liabilities. These quoted equity instruments represent ordinary shares in companies that are traded in an active stock exchange market.

Financial assets and financial liabilities that are classified as measured at amortised cost with carrying amounts being a reasonable approximation of their fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the balance sheet date or the fixed interest rates approximate the market interest rates for such assets/liabilities. These financial assets include trade and other receivables, amount due from associates/joint ventures, loan to subsidiaries, cash and short-term deposits and secured loan receivable. These financial liabilities include trade and other payables, term loans and finance leases.

34. Leases

Leases as lessee (SFRS(I) 16)

The Group leases offices, warehouse and factory facilities. The leases typically run for a period of 17 months to 50 years, with an option to renew the lease after that date. Lease payments are renegotiated upon renewal to reflect market rentals. Some leases provide for additional rent payments that are based on changes in local price indices.

The offices, warehouse and factory leases were entered into many years ago as combined leases of land and buildings. Previously, these leases were classified as operating leases under SFRS(I) 1-17.

The Group leases ground support equipment under a number of leases, which were classified as finance leases under SFRS(I) 1-17.

The Group leases IT equipment with contract terms of one to three years. These leases are short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

Information about leases for which the Group is a lessee is presented below.

	Group $'000
Amounts recognised in profit or loss	
2019-20 Leases under SFRS(I) 16	
Interest on lease liabilities	5,795
Expenses relating to short-term leases	5,641
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	4,270
2018-19 Operating leases under SFRS(I) 1-17	
Lease expense	25,791
Amounts recognised in statement of cash flows	
2019-20 Total cash outflow for leases	17,145

34. **Leases** (cont'd)

Extension options

Some property leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Company seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

35. Capital Management

The primary objective of management of the Group's capital structure is to maintain an efficient mix of debt and equity in order to achieve a low cost of capital, while taking into account the desirability of retaining financial flexibility to pursue business opportunities and adequate access to liquidity to mitigate the effect of unforeseen events on cash flows.

The Directors have reviewed the Group's capital structure. The Directors will continue to regularly review the Group's capital structure in line with this objective. For the financial years ended 31 March 2020 and 31 March 2019, no changes were made in the objectives, policies or processes relating to the management of the Group's capital structure.

The Group monitors capital based on the total debt-equity ratio, which is total debt divided by equity attributable to owners of the Company. The Group keeps the total debt-equity ratio at a level below the required ratio under its debt covenants. The Group includes within total debt, loans and borrowings, finance lease commitments and bank overdraft.

	GROUP		COMPANY	
	31 March		31 March	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Term loans (Note 28)	**214,835**	95,437	**202,430**	95,437
Note payable (Note 29)	**200,000**	–	**200,000**	–
Lease liabilities (Note 30)	**209,606**	295	**66,485**	–
Total debt	**624,441**	95,732	**468,915**	95,437
Equity attributable to owners of the Company	**1,617,491**	1,649,231	**1,633,109**	1,523,184
Total debt-equity ratio	**0.39**	0.06	**0.29**	0.06

36. Segment Reporting

For management purposes, the Group's operating businesses are organised and managed according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and services. The Group has three reportable operating segments as follows:

1. The Food Solutions segment provides mainly inflight and institutional catering, food processing, distribution services and airline laundry services.
2. The Gateway Services segment provides both airport and cruise terminal services. The airport terminal services include airfreight handling services, passenger services, aviation security services, baggage handling services and apron services to the Group's airline customers. On the provision of cruise terminal services, the segment manages and operates Marine Bay Cruise Centre.
3. The others segment provides rental of premises and other services.

Notes to the Financial Statements

31 March 2020

36. Segment Reporting (cont'd)

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on revenue and profit after taxation.

Segment accounting policies are the same as the policies described in Note 2. Segment assets comprise primarily of inventories, receivables, prepayments, amount due from associates/joint ventures, cash and short-term deposits, other non-current assets and other long-term investments.

Capital expenditure comprises additions to property, plant and equipment and intangible assets, excluding those acquired through business combinations and finance leases.

Transfer prices between operating segments are on arm's length basis in a manner similar to transactions with third parties.

The Group generally accounts for inter-segment sales and transfers as if the sales and transfers were to third parties at current market prices.

By Business

	Food Solutions $'000	Gateway Services $'000	Others $'000	Total $'000
Financial year ended 31 March 2020				
Revenue	1,070,477	868,812	1,927	1,941,216
Operating profit/(loss)	136,127	101,141	(11,043)	226,225
Net finance (expense)/income	(2,538)	(3,291)	2,090	(3,739)
Share of results of associates/joint ventures, net of tax	7,073	4,691	–	11,764
Impairment loss on investment in associates and property, plant and equipment	(12,034)	(6,638)	–	(18,672)
(Loss)/gain on disposal of property, plant and equipment	(749)	82	(1,090)	(1,757)
Other non-operating income/(expenses)	683	(1,409)	811	85
Profit/(loss) before tax	128,562	94,576	(9,232)	213,906
Income tax (expense)/credit	(24,837)	(15,461)	1,998	(38,300)
Profit/(loss) for the year	103,725	79,115	(7,234)	175,606
As at 31 March 2020				
Segment assets	441,873	256,772	375,618	1,074,263
Property, plant and equipment and investment property	375,031	297,955	136,307	809,293
Associates/joint ventures	235,835	453,151	–	688,986
Deferred tax assets	13,661	–	17	13,678
Intangible assets	217,020	199,426	7,168	423,614
Total assets	1,283,420	1,207,304	519,110	3,009,834
Current liabilities	198,059	178,513	139,176	515,748
Long-term liabilities	120,309	41,902	389,191	551,402
Tax liabilities	49,621	51,039	36,501	137,161
Total liabilities	367,989	271,454	564,868	1,204,311
Capital expenditure	35,563	28,424	11,657	75,644
Depreciation and amortisation charges	45,534	57,472	14,636	117,642

36. **Segment Reporting** (cont'd)

By Business (cont'd)

	Food Solutions $'000	Gateway Services $'000	Others $'000	Total $'000
Financial year ended 31 March 2019				
Revenue	988,197	837,759	2,063	1,828,019
Operating profit/(loss)	152,565	95,023	(561)	247,027
Net finance income	495	38	2,728	3,261
Share of results of associates/joint ventures, net of tax	12,803	46,126	–	58,929
Write back of earn-out consideration	11,600	–	–	11,600
Impairment loss on investment in associates	(11,600)	–	–	(11,600)
(Loss)/gain on disposal of property, plant and equipment	(287)	140	(339)	(486)
Other non-operating (expenses)/income	(705)	100	(416)	(1,021)
Profit before tax	164,871	141,427	1,412	307,710
Income tax expense	(31,391)	(17,377)	(2,712)	(51,480)
Profit/(loss) for the year	133,480	124,050	(1,300)	256,230
As at 31 March 2019				
Segment assets	380,611	264,896	89,707	735,214
Property, plant and equipment and investment property	260,098	255,967	70,687	586,752
Associates/joint ventures	268,058	450,039	5,855	723,952
Deferred tax assets	11,843	117	–	11,960
Intangible assets	142,131	204,793	3,627	350,551
Total assets	1,062,741	1,175,812	169,876	2,408,429
Current liabilities	151,069	143,197	37,755	332,021
Long-term liabilities	8,053	1,731	104,604	114,388
Tax liabilities	46,964	58,243	39,694	144,901
Total liabilities	206,086	203,171	182,053	591,310
Capital expenditure	28,623	48,094	13,763	90,480
Depreciation and amortisation charges	38,885	37,412	8,577	84,874

Notes to the Financial Statements

31 March 2020

36. Segment Reporting (cont'd)

By Geographical Location

Revenue, total assets and capital expenditure information based on the geographical location of the subsidiaries deriving the revenue and owning the assets respectively are as follows:

	Singapore $'000	Japan $'000	Others $'000	Total $'000
Financial year ended 31 March 2020				
Revenue	1,549,347	253,449	138,420	1,941,216
As at 31 March 2020				
Segment assets	870,654	98,439	105,170	1,074,263
Property, plant and equipment and investment property	504,150	171,930	133,213	809,293
Associates/joint ventures	31,375	3,063	654,548	688,986
Deferred tax assets	830	12,212	636	13,678
Intangible assets	146,716	20,899	255,999	423,614
Total assets	1,553,725	306,543	1,149,566	3,009,834
Capital expenditure	46,350	12,850	16,444	75,644
Financial year ended 31 March 2019				
Revenue	1,505,910	248,097	74,012	1,828,019
As at 31 March 2019				
Segment assets	616,746	94,805	23,663	735,214
Property, plant and equipment and investment property	441,651	83,895	61,206	586,752
Associates/joint ventures	64,025	2,656	657,271	723,952
Deferred tax assets	209	11,552	199	11,960
Intangible assets	135,044	19,812	195,695	350,551
Total assets	1,257,675	212,720	938,034	2,408,429
Capital expenditure	61,987	4,195	24,298	90,480

Information about a major customer

Revenue from one major customer amounted to $811.0 million (2019: $836.0 million), arising from sales by all segments.

37. Subsequent Events

In April 2020, the Group issued Series 002 Notes pursuant to the S$500 Million Multicurrency Medium Term Note Programme amounting to S$100,000,000. The Series 002 Notes bear a fixed interest rate of 2.60% per annum and mature in April 2025.

The net proceeds arising from the issue of the Series 002 Notes shall be applied for general corporate purposes (including general working capital, capital expenditure and capital management) and investing in value creating opportunities (including making long-term strategic investments and/or acquisitions) and refinancing the borrowings of the issuer and/or the Group.

Additional Information

required by the Singapore Exchange Securities Trading Limited ("SGX-ST")

1. Interested Person Transactions

The interested person transactions entered into during the financial year ended 31 March 2020 are as follows:

Name of interested person	Nature of Relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual) $'000	Aggregate value of all interested person transactions conducted under the shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual (excluding transactions less than S$100,000) $'000
Transactions for the Sale of Goods and Services			
Singapore Airlines Limited	An associate of the Company's Controlling Shareholder	–	3,806,241
Scoot TigerAir Pte. Ltd.	An associate of the Company's Controlling Shareholder	–	17,000
TATA SIA Airlines Limited	An associate of the Company's Controlling Shareholder	–	15,200
Gate Gourmet Japan YK	An associate of the Company's Controlling Shareholder	–	5,900
SMRT Buses Pte. Ltd.	An associate of the Company's Controlling Shareholder	–	116
		–	3,844,457
Transactions for the Purchase of Goods and Services			
SIA Engineering Company Limited	An associate of the Company's Controlling Shareholder	–	318
ST Electronics (Training & Simulation Systems) Private Limited	An associate of the Company's Controlling Shareholder	–	636
Singapore Telecommunications Limited	An associate of the Company's Controlling Shareholder	–	6,625
NxGen Communications Pte Ltd	An associate of the Company's Controlling Shareholder	–	799
ST Engineering Aerospace Services Company Pte. Ltd.	An associate of the Company's Controlling Shareholder	–	3,109
S & I Systems Pte Ltd	An associate of the Company's Controlling Shareholder	–	303
Singapore Airlines Limited	An associate of the Company's Controlling Shareholder	–	15,500
		–	27,290

Additional Information

required by the Singapore Exchange Securities Trading Limited ("SGX-ST") (cont'd)

1. Interested Person Transactions (cont'd)

Name of interested person	Nature of Relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual) $'000	Aggregate value of all interested person transactions conducted under the shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual (excluding transactions less than S$100,000) $'000
Other transactions with KrisShop Pte. Ltd.			
Subscription in the share capital of KrisShop Pte. Ltd.	An associate of the Company's Controlling Shareholder	488	–
		488	–

Note:

All the transactions set out in the above table were based on records from the Group's Register of Interested Person Transactions for the financial period under review, and include transactions whose durations exceed the financial period under review and/or multiple transactions with the same interested person. The transactions were based on actual or estimated values of the transactions for the entire duration of the relevant transactions in the case of fixed term contracts or annual/periodic values of the transactions in the case of open-ended contracts, taking into account agreed rates.

All the above interested person transactions were done on normal commercial terms.

2. Material Contracts

Except as disclosed above and in the financial statements for the financial year ended 31 March 2020, there were no material contracts entered into by the Company and its subsidiaries involving the interests of its President and Chief Executive Officer, Directors or controlling shareholders, which are either still subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year.

3. Appointment of Auditors

The Company confirms that it has complied with Rules 712 and 715 of the Listing Manual of the SGX-ST in relation to its auditing firms.

Acronyms

Acronym	Name of Companies
SAS	SATS Airport Services Pte Ltd
SCAT	SATS Catering Pte Ltd
SSS	SATS Security Services Private Limited
SAL	SATS Aero Laundry Pte. Ltd.
AeroL	SATS Aerolog Express Pte. Ltd.
SIC	SATS Institutional Catering Pte. Ltd.
SATSAPS	SATS Asia-Pacific Star Pte. Ltd.
SFS	SATS Food Services Pte. Ltd.
SIPL	SATS Investments Pte. Ltd.
SATSIndia	SATS (India) Co. Private Limited
SIPL2	SATS Investments (II) Pte. Ltd.
CPL	Cemerlang Pte. Ltd.
SSSB	SATS Services Sdn. Bhd.
SATSSaudi	SATS Saudi Arabia
CS3	Ready To Travel Pte. Ltd.
GTRSG	GTRSG Pte. Ltd.
SGSSB	SATS Group Services Sdn. Bhd.
GTRH	Ground Team Red Holdings Sdn. Bhd.
SChina	SATS China Co., Ltd.
SCCS	SATS-Creuers Cruise Services Pte. Ltd.
SATS Seletar	SATS Seletar Aviation Services Pte. Ltd.
PIPL	Primary Industries Private Limited
HAM	Hog Auction Market Pte Ltd
PIQ	Primary Industries (Qld) Pty Ltd
SSTF	Shanghai ST Food Industries Co., Limited
SFIF	SFI Food Pte. Ltd.
SFIM	SFI Manufacturing Private Limited
SDN	SATS Delaware North Pte. Ltd.
CFPL	Country Foods Pte. Ltd.
TFK	TFK Corporation
FASSCO	Food And Allied Support Services Corporation Pte. Ltd.
SITH	SATS Investments Turkey Havacılık Yatırımları Anonim Şirketi
SFTG	SATS Food Turkey Gıda Hizmetleri Anonim Şirketi
MBUK	Monty's Bakehouse UK Limited
IFC	Inflight Foods Co., Ltd.
NDI	Narita Dry Ice Co., Ltd.
NTS	New Tokyo Service Co., Ltd
FASSCOAus	FASSCO International (Australia) Pty Ltd

Acronyms

Acronym	Name of Companies
FASSCOInd	FASSCO International (India) Private Limited
FASSCOAbuDhabi	FASSCO Catering Services LLC
STJ	SATS (Tianjin) Food Co., Ltd.
SKF	SATS (Kunshan) Food Co., Ltd.
NWA	Nanjing Weizhou Airline Food Corp., Ltd
GSA	Ganzhou SATS Aviation Food Co., Ltd.
HWA	Huizhou Weilian Airline Food., Ltd.
GTR	Ground Team Red Sdn. Bhd.
MBGCC	Monty's Bakehouse GCC and Asia General Trading FZE
MBNL	Monty's Bakehouse NL B.V.
MIC	Maldives Inflight Catering Private Limited
BAIK	Beijing Airport Inflight Kitchen Limited
BGS	Beijing Aviation Ground Services Co., Ltd
AVIS	Aviserv Limited
TCS	Tan Son Nhat Cargo Services Joint Stock Company Limited
AAT	Asia Airfreight Terminal Company Limited
Servair	Servair-SATS Holding Company Pte Ltd
MACS	MacroAsia Catering Services, Inc.
TMFK	Taj Madras Flight Kitchen Private Limited
EGAS	Evergreen Airline Services Corporation
EGAC	Evergreen Air Cargo Services Corporation
TSAC	Taj SATS Air Catering Limited
PT JAS	PT Jasa Angkasa Semesta, Tbk
ESCC	Evergreen Sky Catering Corporation
SATSHK	SATS HK Limited
KSPL	KrisShop Pte. Ltd.
BCS	Beijing CAH SATS Aviation Services Co., Ltd.
Tasco	Tasco Foods Co., Ltd.
BSH	Brahim's SATS Investment Holdings Sdn. Bhd.
OmanSATS	Oman Air SATS Cargo LLC
PT CAS	PT Cardig Aero Services Tbk
MCSC	Mumbai Cargo Service Center Airport Private Limited
PMAD	PT Purantara Mitra Angkasa Dua
AISATS	Air India SATS Airport Services Private Limited
SGIPFPL	SG IPF Pte. Ltd.
DSPL	DFASS SATS Pte. Ltd.
SATSPPG	SATS PPG Singapore Pte. Ltd.

Information on Shareholdings

as at 28 July 2020

Number of Issued Shares	:	1,124,056,275
Number of Issued Shares (excluding Treasury Shares)	:	1,117,653,920
Class of Shares	:	Ordinary shares
Number/Percentage of Treasury Shares	:	6,402,355 / 0.57%
Number of Shares/Percentage held by Subsidiary Holdings	:	Nil
Voting Rights	:	1 vote per share

Analysis of Shareholdings

Range of shareholdings	No. of shareholders	%	No. of shares (excluding treasury shares)	%*
1 – 99	1,762	3.67	82,493	0.01
100 – 1,000	18,665	38.94	12,776,007	1.14
1,001 – 10,000	23,413	48.85	87,730,392	7.85
10,001 – 1,000,000	4,064	8.48	122,275,161	10.94
1,000,001 and above	27	0.06	894,789,867	80.06
Total	**47,931**	**100.00**	**1,117,653,920**	**100.00**

Twenty Largest Shareholders

No.	Name	No. of shares held	%*
1	VENEZIO INVESTMENTS PTE. LTD.	446,123,158	39.92
2	DBS NOMINEES (PRIVATE) LIMITED	161,950,774	14.49
3	CITIBANK NOMINEES SINGAPORE PTE LTD	107,779,874	9.64
4	HSBC (SINGAPORE) NOMINEES PTE LTD	52,222,161	4.67
5	RAFFLES NOMINEES (PTE.) LIMITED	32,277,632	2.89
6	DBSN SERVICES PTE. LTD.	29,947,658	2.68
7	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	9,369,322	0.84
8	PHILLIP SECURITIES PTE LTD	6,773,557	0.61
9	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	5,422,520	0.48
10	OCBC SECURITIES PRIVATE LIMITED	3,995,581	0.36
11	BPSS NOMINEES SINGAPORE (PTE.) LTD.	3,453,782	0.31
12	ALEXANDER CHARLES HUNGATE	3,355,736	0.30
13	BNP PARIBAS NOMINEES SINGAPORE PTE. LTD.	3,040,085	0.27
14	UOB KAY HIAN PRIVATE LIMITED	2,811,659	0.25
15	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	2,779,627	0.25
16	MAYBANK KIM ENG SECURITIES PTE. LTD.	2,721,538	0.24
17	IFAST FINANCIAL PTE LTD	2,658,434	0.24
18	HENG SIEW ENG	2,525,000	0.23
19	DB NOMINEES (SINGAPORE) PTE LTD	2,521,047	0.22
20	MERRILL LYNCH (SINGAPORE) PTE. LTD.	2,164,965	0.19
		883,894,110	**79.08**

* The shareholding percentage has been calculated based on the number of issued ordinary shares of the Company as at 28 July 2020, excluding any ordinary shares held in treasury and subsidiary holdings as at that date.

Information on Shareholdings

as at 28 July 2020

Substantial Shareholders

As at 28 July 2020, the substantial shareholders of the Company and their direct and deemed interests, as shown in the Company's Register of Substantial Shareholders, were as follows:

Name of substantial shareholder	No. of shares in which the substantial shareholder has a direct interest (representing percentage[1] of total shareholding)	No. of shares in which the substantial shareholder has a deemed interest (representing percentage[1] of total shareholding)	Total no. of shares in which the substantial shareholder is interested (representing percentage[1] of total shareholding)
Temasek Holdings (Private) Limited	–	446,532,946[2] (approximately 39.95%)	446,532,946 (approximately 39.95%)
Tembusu Capital Pte. Ltd.	–	446,123,158[2] (approximately 39.92%)	446,123,158 (approximately 39.92%)
Napier Investments Pte. Ltd.	–	446,123,158[2] (approximately 39.92%)	446,123,158 (approximately 39.92%)
Venezio Investments Pte. Ltd.	446,123,158 (approximately 39.92%)	–	446,123,158 (approximately 39.92%)

Notes:

[1] The shareholding percentage has been calculated based on the number of issued ordinary shares of the Company as at 28 July 2020, excluding any ordinary shares held in treasury and subsidiary holdings as at that date.

[2] Derived mainly through the direct interest of Venezio Investments Pte. Ltd.

Shareholdings Held by the Public

Based on information available to the Company as at 28 July 2020, approximately 59.12% of the issued ordinary shares of the Company are held by the public (as defined in the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST")). The Company hence confirms that Rule 723 of the Listing Manual of the SGX-ST has been complied with.

Notice of Annual General Meeting

SATS Ltd.
(Incorporated in the Republic of Singapore)
Company Registration No. 197201770G

NOTICE IS HEREBY GIVEN that the 47th Annual General Meeting of SATS Ltd. (the "**Company**") will be convened and held by way of electronic means on Thursday, 24 September 2020 at 11.00 a.m. (Singapore time) to transact the following business:

Ordinary Business

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 March 2020 and the Auditors' Report thereon.

2. To re-elect Mr Yap Kim Wah, who will retire by rotation in accordance with Article 90 of the Constitution of the Company and who, being eligible, offers himself for re-election as a Director of the Company.

3. To re-elect Mr Achal Agarwal, who will retire by rotation in accordance with Article 90 of the Constitution of the Company and who, being eligible, offers himself for re-election as a Director of the Company.

4. To re-elect Mr Chia Kim Huat, who will retire by rotation in accordance with Article 90 of the Constitution of the Company and who, being eligible, offers himself for re-election as a Director of the Company.

5. To re-elect Ms Jessica Tan Soon Neo, who will retire by rotation in accordance with Article 90 of the Constitution of the Company and who, being eligible, offers herself for re-election as a Director of the Company.

6. To approve payment of Directors' fees of up to S$1,200,000 for the financial year ending 31 March 2021 (2020: up to S$1,300,000).

7. To re-appoint Messrs KPMG LLP as Auditors of the Company to hold office until the next Annual General Meeting and to authorise the Directors to fix their remuneration.

Special Business

To consider and if thought fit, to pass, with or without modifications, the following resolutions which will be proposed as Ordinary Resolutions:

8. That authority be and is hereby given to the Directors of the Company to:

(a) (i) issue shares of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the Directors while this Resolution was in force,

provided that:

(i) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50 percent of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of Shares to be issued other than on a *pro rata* basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 5 percent of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (ii) below);

Notice of Annual General Meeting

SATS Ltd.
(Incorporated in the Republic of Singapore)
Company Registration No. 197201770G

(ii) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited ("**SGX-ST**")) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (i) above, the percentage of issued Shares shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed, after adjusting for:

(aa) new Shares arising from the conversion or exercise of any convertible securities or employee share options or vesting of share awards which were issued and are outstanding or subsisting at the time this Resolution is passed; and

(bb) any subsequent bonus issue, consolidation or subdivision of Shares,

and, in sub-paragraph (i) above and this sub-paragraph (ii), "**subsidiary holdings**" has the meaning given to it in the Listing Manual of the SGX-ST;

(iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(iv) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

9. That the Directors of the Company be and are hereby authorised to:

(a) grant awards in accordance with the provisions of the SATS Performance Share Plan and/or the SATS Restricted Share Plan; and

(b) allot and issue from time to time such number of ordinary shares of the Company ("**Shares**") as may be required to be issued pursuant to the vesting of awards under the SATS Performance Share Plan and/or the SATS Restricted Share Plan,

provided that:

(i) the aggregate number of new Shares to be allotted and issued pursuant to the SATS Performance Share Plan, the SATS Restricted Share Plan and the SATS Employee Share Option Plan shall not exceed 15 percent of the total number of issued Shares (excluding treasury shares and subsidiary holdings) from time to time; and

(ii) the aggregate number of Shares under awards to be granted pursuant to the SATS Performance Share Plan and/or the SATS Restricted Share Plan during the period commencing from the date of this Annual General Meeting of the Company and ending on the date of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier, shall not exceed 1 percent of the total number of issued Shares (excluding treasury shares and subsidiary holdings) from time to time,

and in this Resolution, "**subsidiary holdings**" has the meaning given to it in the Listing Manual of the Singapore Exchange Securities Trading Limited.

10. That:

(a) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual ("**Chapter 9**") of the Singapore Exchange Securities Trading Limited, for the Company, its subsidiaries and associated companies that are entities at risk (as that term is used in Chapter 9), or any of them, to enter into any of the transactions falling within the types of interested person transactions described in the Appendix to the Letter to Shareholders dated 26 August 2020 (the "**Letter to Shareholders**") with any party who is of the class of interested persons described in the Appendix to the Letter to Shareholders, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for such interested person transactions;

(b) the approval given in paragraph (a) above (the "**IPT Mandate**") shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company; and

(c) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they and/or he may consider expedient or necessary or in the interests of the Company to give effect to the IPT Mandate and/or this Resolution.

11. That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares of the Company ("**Shares**") not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) market purchase(s) on the Singapore Exchange Securities Trading Limited ("**SGX-ST**"); and/or

(ii) off-market purchase(s) (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors of the Company as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:

(i) the date on which the next Annual General Meeting of the Company is held;

(ii) the date by which the next Annual General Meeting of the Company is required by law to be held; and

(iii) the date on which purchases and acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated.

(c) in this Resolution:

"**Maximum Limit**" means that number of issued Shares representing 2 percent of the issued Shares as at the date of the passing of this Resolution (excluding treasury shares and subsidiary holdings (as defined in the Listing Manual of the SGX-ST)); and

"**Maximum Price**" in relation to a Share to be purchased or acquired, means the purchase price (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) which shall not exceed, in the case of both a market purchase of a Share and an off-market purchase of a Share, 105 percent of the Average Closing Price of the Shares;

where:

"**Average Closing Price**" means the average of the last dealt prices of a Share for the five consecutive trading days on which the Shares are transacted on the SGX-ST immediately preceding the date of the market purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the off-market purchase, and deemed to be adjusted in accordance with the listing rules of the SGX-ST for any corporate action that occurs during the relevant five-day period and the date of the market purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the off-market purchase; and

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"**date of the making of the offer**" means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from holders of Shares, stating therein the purchase price (which shall not be more than the Maximum Price calculated on the basis set out herein) for each Share and the relevant terms of the equal access scheme for effecting the off-market purchase; and

(d) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution.

BY ORDER OF THE BOARD

Prema d/o K Subramaniam
Company Secretary

Singapore, 26 August 2020

Explanatory Notes

1. (a) In relation to Ordinary Resolution No. 2, Mr Yap Kim Wah will be retiring from office at the Annual General Meeting pursuant to Article 90 of the Constitution of the Company, and will be standing for re-election at the Annual General Meeting. Mr Yap will, upon re-election, continue to serve as a member of the Audit Committee and a member of the Board Risk and Safety Committee. Mr Yap is considered an independent Director.

   (b) In relation to Ordinary Resolution No. 3, Mr Achal Agarwal will be retiring from office at the Annual General Meeting pursuant to Article 90 of the Constitution of the Company, and will be standing for re-election at the Annual General Meeting. Mr Agarwal will, upon re-election, continue to serve as a member of the Board Executive Committee and a member of the Remuneration and Human Resource Committee. Mr Agarwal is considered an independent Director.

   (c) In relation to Ordinary Resolution No. 4, Mr Chia Kim Huat will be retiring from office at the Annual General Meeting pursuant to Article 90 of the Constitution of the Company, and will be standing for re-election at the Annual General Meeting. Mr Chia will, upon re-election, continue to serve as a member of the Nominating Committee and a member of the Board Risk and Safety Committee. Mr Chia is considered an independent Director.

   (d) In relation to Ordinary Resolution No. 5, Ms Jessica Tan Soon Neo will be retiring from office at the Annual General Meeting pursuant to Article 90 of the Constitution of the Company, and will be standing for re-election at the Annual General Meeting. Ms Tan will, upon re-election, continue to serve as a member of the Nominating Committee and a member of the Audit Committee. Ms Tan is considered an independent Director.

   Detailed information on these Directors (including information as set out in Appendix 7.4.1 of the Listing Manual of the Singapore Exchange Securities Trading Limited) can be found in the section on "Additional information on Directors seeking re-election" in the SATS Annual Report for the financial year ended 31 March 2020.

2. Ordinary Resolution No. 6 is to approve the payment of an aggregate sum of up to S$1,200,000 as Directors' fees for the non-executive Directors of the Company for the current financial year ending 31 March 2021 ("**FY2020-21**"). Although the scale of fees for the non-executive Directors remains unchanged from the last financial year ended 31 March 2020 ("**FY2019-20**"), there is a reduction of S$100,000 in the amount of the proposed Directors' fees for FY2020-21 as compared to FY2019-20, to take into account the voluntary 15% reduction in Directors' fees with effect from 1 March 2020, which the Company had announced on 9 March 2020 as part of a series of cost-saving measures taken in view of the impact of the COVID-19 pandemic on its business.

The proposed fees for FY2020-21, if approved, will facilitate the payment of Directors' fees during or soon after the financial year in which such fees are incurred. The amount of Directors' fees has been computed on the basis of the anticipated number of Board and Board Committee meetings for FY2020-21, assuming attendance by all the Directors at such meetings, and also caters for additional fees (if any) which may be payable due to additional board representations on the Company's subsidiary(ies) and/or joint ventures, or to additional Board or Board Committee members being appointed in the course of FY2020-21. If, for unforeseen reasons, payments are required to be made to the Directors in excess of the amount proposed, the Company will revert to shareholders for approval at the next Annual General Meeting in the year 2021 (the "**2021 AGM**") before any such payments are made.

If approved, each of the non-executive Directors (including the Chairman) will receive approximately 70 percent of his/her total Directors' fees for FY2020-21 in cash and approximately 30 percent in the form of ordinary shares of the Company ("**Shares**") (FY2019-20: 70 percent in cash and 30 percent in Shares).

The Share component of the Directors' fees for FY2020-21 is intended to be paid out in the form of awards under the SATS Restricted Share Plan. The awards will consist of fully paid Shares with no performance conditions attached and no vesting periods imposed. However, the non-executive Directors will be required to retain a base shareholding worth up to one year's retainer fee for as long as he/she is on the Board of the Company, and for a period of one year after stepping down as a Director, in order to better align the interests of non-executive Directors with the interests of shareholders. A non-executive Director who steps down before the payment of the Share component of his/her fees will receive all of his/her fees (calculated on a pro-rated basis, where applicable) in cash. Further details regarding the Directors' fees can be found under the heading "Non-Executive Directors Remuneration" in the Corporate Governance Report in the SATS Annual Report for FY2019-20.

The cash component of the Directors' fees for FY2020-21 is intended to be paid half-yearly in arrears. The current intention is for the Share component of the Directors' fees for FY2020-21 to be paid after the 2021 AGM has been held. The actual number of Shares to be awarded will be determined by reference to the volume-weighted average price of a Share on the Singapore Exchange Securities Trading Limited over the 10 trading days after the 2021 AGM, rounded down to the nearest hundred Shares, and any residual balance will be settled in cash.

The non-executive Directors will abstain from voting his/her holding of Shares (if any), and will procure that their respective associates abstain from voting their respective holdings of Shares (if any), in respect of this Resolution. The Chairman of the Meeting will accept appointment as proxy for any other shareholder to vote in respect of this Resolution, where such shareholder has given specific instructions in a validly completed and submitted instrument appointing a proxy as to voting, or abstentions from voting, in respect of this Resolution.

3. Ordinary Resolution No. 8, if passed, will empower the Directors to issue Shares, make or grant instruments convertible into Shares and to issue Shares pursuant to such instruments, from the date of this Annual General Meeting until the date of the next Annual General Meeting. The number of Shares which the Directors may issue under this Resolution will not exceed 50 percent of the issued Shares (excluding treasury shares and subsidiary holdings) with a sub-limit of 5 percent for issues other than on a *pro rata* basis. The 5 percent sub-limit for non-*pro rata* issues is lower than the 20 percent sub-limit allowed under the Listing Manual of the SGX-ST. For the purpose of determining the aggregate number of Shares which may be issued, the percentage of issued Shares shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed, after adjusting for (a) new Shares arising from the conversion or exercise of any convertible instruments or share options or vesting of share awards which were issued and are outstanding at the time this Resolution is passed and (b) any subsequent bonus issue, consolidation or subdivision of Shares. As at 28 July 2020, the Company had 6,402,355 treasury shares and no subsidiary holdings.

4. Ordinary Resolution No. 9 is to empower the Directors to grant awards and to allot and issue Shares pursuant to the SATS Performance Share Plan and/or the SATS Restricted Share Plan, provided that:

   (i) the aggregate number of new Shares which may be issued under the SATS Performance Share Plan, the SATS Restricted Share Plan and the SATS Employee Share Option Plan is limited to 15 percent of the total number of issued Shares (excluding treasury shares and subsidiary holdings) from time to time; and

   (ii) the aggregate number of Shares under awards which may be granted pursuant to the SATS Performance Share Plan and/or the SATS Restricted Share Plan from this Annual General Meeting to the next Annual General Meeting shall not exceed 1 percent of the total number of issued Shares (excluding treasury shares and subsidiary holdings) from time to time.

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The SATS Employee Share Option Plan was adopted by the Company in February 2000 and the last grant of options thereunder was made on 1 July 2008. The SATS Performance Share Plan and the SATS Restricted Share Plan were adopted at an Extraordinary General Meeting of the Company held on 19 July 2005 for an initial duration of 10 years and subsequently at the Annual General Meeting held on 23 July 2014, were extended for a further period of 10 years up to 18 July 2025. The SATS Restricted Share Plan was altered at the Annual General Meeting held on 18 July 2019 to (*inter alia*) permit grants of fully paid Shares to be made to the non-executive Directors of the Company as part of their remuneration in respect of their office as such in lieu of cash.

5. Ordinary Resolution No. 10 is to renew the mandate to allow the Company, its subsidiaries and associated companies that are entities at risk (as the term is used in Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited) or any of them, to enter into certain interested person transactions with certain classes of interested persons as described in the Letter to Shareholders. The authority will, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company. Please refer to the Letter to Shareholders for more details.

6. Ordinary Resolution No. 11 is to renew the mandate to allow the Company to purchase or otherwise acquire Shares, on the terms and subject to the conditions set out in the Resolution.

   The Company intends to use its internal sources of funds, external borrowings or a combination of internal resources and external borrowings, to finance the purchases or acquisitions of its Shares. The amount of financing required for the Company to purchase or acquire its Shares, and the impact on the Company's financial position, cannot be ascertained as at the date of this Notice as these will depend on the number of Shares purchased or acquired, the price at which such Shares were purchased or acquired and whether the Shares purchased or acquired are held in treasury or cancelled.

   Based on the existing issued Shares as at 28 July 2020 (the "**Latest Practicable Date**"), the purchase by the Company of 2 percent of its issued Shares (excluding treasury shares and subsidiary holdings) will result in the purchase or acquisition of a maximum number of 22,353,078 Shares.

   In the case of both market purchases and off-market purchases by the Company and assuming that the Company purchases or acquires the maximum number of 22,353,078 Shares at the Maximum Price of S$3.01 for one Share (being the price equivalent to 5 percent above the average closing prices of the Shares for the five consecutive market days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase of 22,353,078 Shares is approximately S$67,282,765.

   The financial effects of the purchase or acquisition of such Shares by the Company pursuant to the proposed Share Purchase Mandate on the audited financial statements of the Company and the Company and its subsidiaries for the financial year ended 31 March 2020, based on certain assumptions, are set out in paragraph 3.7.4 of the Letter to Shareholders dated 26 August 2020 (the "**Letter to Shareholders**").

   Please refer to the Letter to Shareholders for more details.

Notes:

1. The Annual General Meeting is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of this Notice will not be sent to members. Instead, this Notice will be sent to members by electronic means via publication on the Company's website at the URL https://www.sats.com.sg/AGM2020. This Notice will also be made available on the SGX website at the URL https://www.sgx.com/securities/company-announcements.

2. Alternative arrangements relating to attendance at the Annual General Meeting via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of the Annual General Meeting, addressing of substantial and relevant questions at the Annual General Meeting and voting by appointing the Chairman of the Meeting as proxy at the Annual General Meeting, are set out in the accompanying Company's announcement dated 26 August 2020. This announcement may be accessed at the Company's website at the URL https://www.sats.com.sg/AGM2020, and will also be made available on the SGX website at the URL https://www.sgx.com/securities/company-announcements.

3. **Due to the current COVID-19 situation in Singapore, a member will not be able to attend the Annual General Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting if such member wishes to exercise his/her/its voting rights at the Annual General Meeting.** The accompanying proxy form for the Annual General Meeting may be accessed at the Company's website at the URL https://www.sats.com.sg/AGM2020, and will also be made available on the SGX website at the URL https://www.sgx.com/securities/company-announcements. A member may also appoint the Chairman of the Meeting as his/her/its proxy via the pre-registration website at the URL https://www.sats.com.sg/AGM2020.

   Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the instrument appointing a proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

   CPF and SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 pm on 14 September 2020.

4. The Chairman of the Meeting, as proxy, need not be a member of the Company.

5. The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:

   (a) if submitted by post, be lodged at the office of the Company's Share Registrar, M & C Services Private Limited, at 112 Robinson Road #05-01, Singapore 068902; or

   (b) if submitted electronically:

   (i) be submitted via email to the Company's Share Registrar at gpe@mncsingapore.com; or
   (ii) be submitted via the pre-registration website at the URL https://www.sats.com.sg/AGM2020,

   in each case not less than 72 hours before the time appointed for holding the Annual General Meeting.

   A member who wishes to submit an instrument appointing a proxy by post or via email must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

   Due to the current COVID-19 situation in Singapore, members are strongly encouraged to submit completed instruments appointing a proxy electronically via email or via the pre-registration website at the URL https://www.sats.com.sg/AGM2020.

6. The Annual Report 2019-20 and the Letter to Shareholders dated 26 August 2020 (in relation to the proposed renewal of the mandate for interested person transactions and the proposed renewal of the share purchase mandate) may be accessed at the Company's website as follows:

   (a) the Annual Report 2019-20 may be accessed at the URL https://www.sats.com.sg/AGM2020; and

   (b) the Letter to Shareholders dated 26 August 2020 may be accessed at the URL https://www.sats.com.sg/AGM2020.

   The above documents will also be made available on the SGX website at the URL https://www.sgx.com/securities/company-announcements.

Personal Data Privacy

By submitting an instrument appointing the Chairman of the Meeting as proxy to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the Meeting as proxy for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.

Additional Information on Directors Seeking Re-election

Name of Director	Achal Agarwal	Chia Kim Huat
Date of appointment	1 September 2016	15 March 2017
Date of last re-appointment (if applicable)	21 July 2017	21 July 2017
Age	61	54
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board considered the Nominating Committee's recommendation and assessment on Mr Agarwal's background, expertise, experience, independence and commitment in the discharge of his duties as an Independent Director of SATS Ltd., and is satisfied that he will continue to contribute to the Board.	The Board considered the Nominating Committee's recommendation and assessment on Mr Chia's background, expertise, experience, independence and commitment in the discharge of his duties as an Independent Director of SATS Ltd., and is satisfied that he will continue to contribute to the Board.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	• Non-Executive and Independent Director • Member, Board Executive Committee • Member, Remuneration and Human Resource Committee	• Non-Executive and Independent Director • Member, Nominating Committee • Member, Board Risk and Safety Committee
Professional qualifications	• BA (Hons), History, University of Delhi • MBA, University of Delhi • AMP, Wharton Business School	• LLB (Hons), National University of Singapore • Advocate & Solicitor, Supreme Court of Singapore
Working experience and occupation(s) during the past 10 years	Mr Agarwal joined Kimberly-Clark in 2008 as President for the company's North Asia business, and subsequently as President, Asia Pacific. He has accelerated growth and market share gains in emerging markets like China and ASEAN. Mr Agarwal is currently the Chief Strategy & Transformation Officer, Kimberly-Clark Corporation.	Mr Chia is currently the Regional Head, Corporate & Transactional Group of Rajah & Tann Singapore LLP. Mr Chia has extensive experience in capital market, public and private mergers and acquisitions, cross-border joint ventures and private equity investments, both in Singapore and the region.
Shareholding in the listed issuer and its subsidiaries	31,900 ordinary shares in SATS Ltd.	5,090 ordinary shares in SATS Ltd.

Jessica Tan Soon Neo	**Yap Kim Wah**
17 April 2017	**20 July 2016**
21 July 2017	**21 July 2017**
54	**72**
Singapore	**Singapore**
The Board considered the Nominating Committee's recommendation and assessment on Ms Tan's background, expertise, experience, independence and commitment in the discharge of her duties as an Independent Director of SATS Ltd., and is satisfied that she will continue to contribute to the Board.	The Board considered the Nominating Committee's recommendation and assessment on Mr Yap's background, expertise, experience, independence and commitment in the discharge of his duties as an Independent Director of SATS Ltd., and is satisfied that he will continue to contribute to the Board.
Non-Executive	Non-Executive
• Non-Executive and Independent Director • Member, Nominating Committee • Member, Audit Committee	• Non-Executive and Independent Director • Member, Audit Committee • Member, Board Risk and Safety Committee
• Bachelor of Social Science (Honours), National University of Singapore • Bachelor of Arts (Economics and Sociology), National University of Singapore	• Bachelor of Engineering (First Class Honours), University of Singapore • Registered Engineer (Mechanical), Professional Engineers Board, Singapore • Fellow Member, The Institution of Engineers, Singapore • Executive Development Program, Houston University • Advanced Management Program, Harvard Business School
Ms Tan held leadership positions in Microsoft in Asia Pacific prior to her appointment as the Managing Director of Microsoft Singapore in 2008 – 2011 when she then took on the role as General Manager Enterprise & Partner Group Microsoft Asia Pacific. She was re-appointed in July 2013 as Managing Director of Microsoft Singapore till end of 2016. She was responsible for developing and driving growth strategies as well as deepening relationships with partners, customers and employees. In July 2020, Ms Tan was re-elected the Member of Parliament for the East Coast Group Representation Constituency (GRC) in Singapore, having served for three terms since May 2006. In addition, she is the chairman for the East Coast Town Council, chairperson of the Public Accounts Committee, member of the Home Affairs & Law Government Parliamentary Committee (GPC) and member of the Manpower GPC. Ms Tan is currently the Director, Group Commercial at Raffles Medical Group.	Mr Yap joined Singapore Airlines in 1975 till retirement, having achieved over 35 years' experience in a range of Senior Management positions including Marketing, Cabin Crew, Human Resource, Regional Director West Asia & Africa and Chief Executive SATS Catering. He was the Chairman of the subsidiary company, Tradewinds Tours & Travel Private Limited and a Board Member of the Singapore Land Authority. Mr Yap currently serves as the Vice Chairman, RTS Operations Pte. Ltd. (since 27 July 2020), a Director of SMRT Corporation Ltd and SMRT Trains Ltd.
3,100 ordinary shares in SATS Ltd.	3,400 ordinary shares in SATS Ltd.

Additional Information on Directors Seeking Re-election

Name of Director	Achal Agarwal	Chia Kim Huat
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil	Nil
Conflict of interest (including any competing business)	Nil	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments* including Directorships		
Past (for the last 5 years)	*Other listed companies* Nil *Other principal commitments* • President, Asia Pacific, Kimberly-Clark Corporation	*Other listed companies* • Non-Executive and Independent Director, Ascendas Hospitality Fund Management Pte. Ltd. and Ascendas Hospitality Trust Management Pte. Ltd. (The Managers of Ascendas Hospitality Trust) • Independent Director, PEC Ltd.
Present	*Other listed companies* Nil *Other principal commitments* • Chief Strategy & Transformation Officer, Kimberly-Clark Corporation • Director, Kimberly-Clark Asia Pacific Headquarters Pte. Ltd. • Director, World-wide Fund Singapore • Director, Singapore International Chamber of Commerce	*Other listed companies* • Non-Executive and Independent Director, Ascott Residence Trust Management Limited and Ascott Business Trust Management Pte. Ltd. (The Managers of Ascott Residence Trust) *Other principal commitments* • Partner, Rajah & Tann Singapore LLP

* "Principal Commitments" has the same meaning as defined in the Code of Corporate Governance 2018.

<table>
<tr><th>Jessica Tan Soon Neo</th><th>Yap Kim Wah</th></tr>
<tr><td>Nil</td><td>Nil</td></tr>
<tr><td>Nil</td><td>Nil</td></tr>
<tr><td>Yes</td><td>Yes</td></tr>
<tr><td></td><td></td></tr>
<tr><td>Other listed companies
Nil

Other principal commitments
• Chairman, Finance, Trade and Industry Government Parliament Committee
• First Deputy Chairman, Singapore International Chamber of Commerce
• Managing Director, Microsoft Singapore
• Non-Executive Director, St. Joseph's Institution International Ltd., Singapore
• Non-Executive Director, St. Joseph's Institution International Elementary School Ltd., Singapore
• Member of the Advisory Board, The SAF Learning Transformation Advisory Board
• Board Member, Singapore Tourism Board
• Council Member, Singapore Sports Council
• Member, Social and Family Development Government Parliamentary Committee</td><td>Other listed companies
• Non-Executive and Independent Director, SMRT Corporation Ltd. (Delisted on 31 October 2016)

Other principal commitments
• Chairman, Tradewind Tours & Travel Pte. Ltd.
• Deputy Chairman and Chief Executive Officer, Hyflux Caprica Pte. Ltd.
• Deputy Chairman & Executive Director, Baking Industry Training College Pte. Ltd.
• Executive Director & Board Member, Raffles Education Corporation Limited
• Board Member, Singapore Land Authority
• Board Member, Virgin Holidays Ltd.
• Member, Committee of Sporting Singapore, MCCS
• Member, Quality Service Advisory Committee, Public Service Commission
• Member, Management Committee, Singapore Turf Club
• Member, Management Committee, Singapore Sports School</td></tr>
<tr><td>Other listed companies
• Non-Executive and Independent Director, CapitaLand Commercial Trust Management Limited (The Manager of CapitaLand Commercial Trust)

Other principal commitments
• Member of Parliament, East Coast GRC, Singapore
• Chairman, East Coast-Fengshan Town Council
• Chairman, Public Accounts Committee (PAC)
• President, Netball Singapore
• Chairman, Information Technology Advisory Committee of Nanyang Polytechnic
• Board Member and Deputy Chairman, Nanyang Polytechnic Board of Governors
• Group Commercial Director, Raffles Medical Group Ltd
• Non-Executive Director, Changi Health Fund (Ltd.)
• Director, RM Network Pte. Ltd.
• Member, Home Affairs, Law and Manpower Government Parliamentary Committees
• Member, Board Advisory, The School of Information Systems, Singapore Management University</td><td>Other listed companies
Nil

Other principal commitments
• Non-Executive and Independent Director, SMRT Corporation Ltd.
• Non-Executive and Independent Director, SMRT Trains Ltd.
• Vice Chairman and Director, RTS Operations Pte. Ltd.</td></tr>
</table>

Additional Information on Directors Seeking Re-election

Information required
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any questions is "yes", full details must be given.

Name of Director
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?
(c) Whether there is any unsatisfied judgment against him?
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of: (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?

	Achal Agarwal	Chia Kim Huat	Jessica Tan Soon Neo	Yap Kim Wah
	No	No	No	No
	No	No	No	No
	No	No	No	No
	No	No	No	No
	No	No	No	No
	No	No	No	No
	No	No	No	No
	No	No	No	No
	No	No	No	No
	No	No	No	No
	No	No	No	No
	No	No	No	No
	No	No	No	No
	No	No	No	No

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Proxy Form

SATS Ltd.
(Incorporated in the Republic of Singapore)
Company Registration No. 197201770G

IMPORTANT
1. The Annual General Meeting is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of the Notice of Annual General Meeting will not be sent to members. Instead, the Notice of Annual General Meeting will be sent to members by electronic means via publication on the Company's website at the URL https://www.sats.com.sg/AGM2020. The Notice of Annual General Meeting will also be made available on the SGX website at the URL https://www.sgx.com/securities/company-announcements.
2. Alternative arrangements relating to attendance at the Annual General Meeting via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of the Annual General Meeting, addressing of substantial and relevant questions at the Annual General Meeting and voting by appointing the Chairman of the Meeting as proxy at the Annual General Meeting, are set out in the accompanying Company's announcement dated 26 August 2020. This announcement may be accessed at the Company's website at the URL https://www.sats.com.sg/AGM2020, and will also be made available on the SGX website at the URL https://www.sgx.com/securities/company-announcements.
3. **Due to the current COVID-19 situation in Singapore, a member will not be able to attend the Annual General Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting if such member wishes to exercise his/her/its voting rights at the Annual General Meeting.**
4. CPF and SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 14 September 2020.
5. By submitting an instrument appointing the Chairman of the Meeting as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 26 August 2020.
6. **Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of the Chairman of the Meeting as a member's proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting.**

*I/We ______________________________ (Name)

______________________________ (NRIC/Passport No./Co. Regn. No.)

of ______________________________ (Address)

being a *member/members of SATS Ltd. (the "**Company**") hereby appoint the Chairman of the Meeting as *my/our proxy to attend, speak and vote for *me/us on *my/our behalf at the Annual General Meeting of the Company to be convened and held by way of electronic means on Thursday, 24 September 2020 at 11.00 a.m. (Singapore time) and at any adjournment thereof in the following manner:

No.	Resolutions	**For	**Against	**Abstain
Ordinary Business				
1	Adoption of the Directors' Statement, the Audited Financial Statements and the Auditors' Report thereon			
2	Re-election of Mr Yap Kim Wah as Director			
3	Re-election of Mr Achal Agarwal as Director			
4	Re-election of Mr Chia Kim Huat as Director			
5	Re-election of Ms Jessica Tan Soon Neo as Director			
6	Approval of Directors' fees for the financial year ending 31 March 2021			
7	Re-appointment of Auditors and authorisation for Directors to fix their remuneration			
Special Business				
8	To grant authority to the Directors to issue additional shares and convertible instruments pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore			
9	To grant authority to the Directors to grant awards and issue shares in accordance with the provisions of the SATS Performance Share Plan and the SATS Restricted Share Plan			
10	To approve the proposed renewal of the Mandate for Interested Person Transactions			
11	To approve the proposed renewal of the Share Purchase Mandate			

* *Delete accordingly*
** *Voting will be conducted by poll. If you wish the Chairman of the Meeting as your proxy to cast all your votes "**For**" or "**Against**" a resolution, please indicate with a (✓) in the "**For**" or "**Against**" box provided in respect of that resolution. Alternatively, please indicate the number of votes "**For**" or "**Against**" in the "**For**" or "**Against**" box provided in respect of that resolution. If you wish the Chairman of the Meeting as your proxy to abstain from voting on a resolution, please indicate with a (✓) in the "**Abstain**" box provided in respect of that resolution. Alternatively, please indicate the number of shares the Chairman of the Meeting as your proxy is directed to abstain from voting in the "**Abstain**" box provided in respect of that resolution.* ***In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the Meeting as your proxy for that resolution will be treated as invalid.***

Dated this ______________ day of ______________ 2020

____
Signature(s) of Member(s) or Common Seal

Total Number of Shares Held

Important: Please read notes on the reverse side

Notes:

1. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this proxy form will be deemed to relate to all the shares held by the member.
2. **Due to the current COVID-19 situation in Singapore, a member will not be able to attend the Annual General Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting if such member wishes to exercise his/her/its voting rights at the Annual General Meeting.** This proxy form may be accessed at the Company's website at the URL https://www.sats.com.sg/AGM2020, and will also be made available on the SGX website at the URL https://www.sgx.com/securities/company-announcements. A member may also appoint the Chairman of the Meeting as his/her/its proxy via the pre-registration website at the URL https://www.sats.com.sg/AGM2020. Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the instrument appointing a proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid. CPF and SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 14 September 2020.
3. The Chairman of the Meeting, as proxy, need not be a member of the Company.
4. The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:
   a. if submitted by post, be lodged at the office of the Company's Share Registrar, M & C Services Private Limited, at 112 Robinson Road #05-01, Singapore 068902; or
   b. if submitted electronically:
      i. be submitted via email to the Company's Share Registrar at gpe@mncsingapore.com; or
      ii. be submitted via the pre-registration website at the URL https://www.sats.com.sg/AGM2020,

   in each case not less than 72 hours before the time appointed for holding the Annual General Meeting.

   A member who wishes to submit an instrument appointing a proxy by post or via email must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

   Due to the current COVID-19 situation in Singapore, members are strongly encouraged to submit completed instruments appointing a proxy electronically via email or via the pre-registration website at the URL https://www.sats.com.sg/AGM2020.
5. The instrument appointing the Chairman of the Meeting as proxy must, if submitted by post or electronically via email, be under the hand of the appointor or of his attorney duly authorised in writing or, if submitted electronically via the pre-registration website at the URL https://www.sats.com.sg/AGM2020, be authorised by the appointor via the online proxy appointment process through the website. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must, if submitted by post or electronically via email, be executed either under its seal or under the hand of an officer or attorney duly authorised or, if submitted electronically via the pre-registration website at the URL https://www.sats.com.sg/AGM2020, be authorised via the online proxy appointment process through the website. Where an instrument appointing the Chairman of the Meeting as proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company), if the instrument appointing the Chairman of the Meeting as proxy is submitted by post, be lodged with the instrument appointing a proxy or, if the instrument appointing the Chairman of the Meeting as proxy is submitted electronically via email, be emailed with the instrument appointing a proxy, failing which the instrument may be treated as invalid.
6. The Company shall be entitled to reject the instrument appointing the Chairman of the Meeting as proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the Meeting as proxy (including any related attachment). In addition, in the case of members whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing the Chairman of the Meeting as proxy lodged or submitted if such members are not shown to have shares entered against their names in the Depository Register 72 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

1st line fold along here.

2nd line fold along here.

Please affix postage stamp

3rd fold along this line and glue overleaf. Do not staple.

The Company Secretary
SATS Ltd.
c/o M & C Services Private Limited
112 Robinson Road
#05-01
Singapore 068902

3rd fold along this line and glue overleaf. Do not staple.

3rd fold along this line and glue overleaf. Do not staple.

SATS LTD.
Company Registration No. 197201770G

20 Airport Boulevard
SATS Inflight Catering Centre 1
Singapore 819659

General Line
T: (65) 6542 5555
E: info_enquiry@sats.com.sg

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